General Assembly **Amendment**

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Offered by:
SEN. FONFARA, 1st Dist.

To: Subst. Senate Bill No. **415** File No. 456 Cal. No. 342

"AN ACT CONCERNING THE OPERATIONS OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION, THE ESTABLISHMENT OF A COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM, WATER CONSERVATION AND THE OPERATIONS OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY."

Strike everything after the enacting clause and substitute the following in lieu thereof:

"Section 1. Subsection (f) of section 16-2 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(f) The chairperson of the authority, with the approval of the Commissioner of Energy and Environmental Protection, shall **[**prescribe the duties of the staff assigned to the authority in order to**]** (1) conduct comprehensive planning with respect to the functions of the authority; (2) **[**coordinate the activities of the authority; (3)**]** cause the administrative organization of the authority to be examined with a view to promoting economy and efficiency; **[**(4)**]** and (3) organize the

authority into such divisions, bureaus or other units as necessary for the efficient conduct of the business of the authority and may from time to time make recommendations to the commissioner regarding staff and resources. **[**; (5)**]** The chairperson of the authority, in order to implement the comprehensive planning and organizational structure of the authority pursuant to this subsection, shall (A) coordinate the activities of the authority and prescribe the duties of the staff assigned to the authority; (B) for any proceeding on a proposed rate amendment in which staff of the authority are to be made a party pursuant to section 16-19j, determine which staff shall appear and participate in the proceedings and which shall serve the members of the authority; **[**(6)**]** (C) enter into such contractual agreements, in accordance with established procedures, as may be necessary for the discharge of the authority's duties; **[**(7)**]** (D) subject to the provisions of section 4-32, and unless otherwise provided by law, receive any money, revenue or services from the federal government, corporations, associations or individuals, including payments from the sale of printed matter or any other material or services; and **[**(8)**]** (E) require the staff of the authority to have expertise in public utility engineering and accounting, finance, economics, computers and rate design. Staff shall be assigned to the authority in the same manner as staff is assigned to any state agency.

Sec. 2. Section 16-19ff of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Notwithstanding any provisions of the general statutes to the contrary, each electric company or electric distribution company shall allow the installation of submeters at a recreational campground, individual slips at marinas for metering the electric use by individual boat owners, in any commercial, industrial or multifamily residential building or facility in which the electric power or thermal energy is provided by a Class I renewable energy source, as defined in section 16-1, or a combined heat and power system, or in any other location where such metering promotes the state's energy conservation goals and protects consumers, as approved by the **[**authority**]** department and shall provide electricity to such campground at a rate no greater

than the residential rate for the service territory in which the campground or marina is located, provided nothing in this section shall permit the installation of submeters for nonresidential use including, but not limited to, general outdoor lighting marina operations, repair facilities, restaurants or other retail recreational facilities and any other common area of a commercial, industrial or multifamily residential building or facility. **[**Service to nonresidential facilities shall be separately metered and billed at the appropriate rate.**]**

(b) The Public Utilities Regulatory Authority shall adopt regulations, in accordance with the provisions of chapter 54, to carry out the purposes of this section. Such regulations shall: (1) Require a submetered customer to pay only his portion of the energy consumed, which cost shall not exceed the amount paid by the owner of the main meter for such energy; (2) establish standards for the safe and proper installation of submeters; (3) require that the ultimate services delivered to a submetered customer are consistent with any service requirements imposed upon the company; (4) establish standards for the locations of submeters and may adopt any other provisions the authority deems necessary to carry out the purposes of this section and section 16-19ee. The authority shall develop an application and approval process that allows for the reasonable implementation of submetering at permitted facilities while protecting consumers.

Sec. 3. Section 16-6b of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The Public Utilities Regulatory Authority, in consultation with the **[**Department**]** Commissioner of Energy and Environmental Protection, may, in accordance with chapter 54, adopt such regulations with respect to: **[**rates**]** (1) Rates and charges, services, accounting practices, safety and the conduct of operations generally of public service companies subject to its jurisdiction as it deems reasonable and necessary; **[**. The department in consultation with the authority may, in accordance with chapter 54, adopt such regulations with respect to**]** (2)

services, accounting practices, safety and the conduct of operations generally of electric suppliers subject to its jurisdiction as it deems reasonable and necessary; **[**. After consultation with the Secretary of the Office of Policy and Management, the department may also adopt regulations, in accordance with chapter 54,**]** and (3) establishing standards, in accordance with the Department of Energy and Environmental Protection's policies, for systems utilizing cogeneration technology and renewable fuel resources.

Sec. 4. Section 16-7 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

The directors and any employees of **[**the department assigned to**]** the Public Utilities Regulatory Authority while engaged in the performance of their duties may, at all reasonable times, enter any premises, buildings, cars or other places belonging to or controlled by any public service company or electric supplier, and any person obstructing or in any way causing to be obstructed or hindered any member or employee of the **[**department**]** authority in the performance of his or her duties shall be fined not more than two hundred dollars or imprisoned not more than six months, or both.

Sec. 5. Subsection (c) of section 16-245m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(c) The Commissioner of Energy and Environmental Protection shall appoint and convene an Energy Conservation Management Board which shall include representatives of: (1) An environmental group knowledgeable in energy conservation program collaboratives; (2) **[**a representative of**]** the Office of Consumer Counsel; (3) the Attorney General; (4) the electric distribution companies in whose territories the activities take place for such programs; (5) a state-wide manufacturing association; (6) a chamber of commerce; (7) a state-wide business association; (8) a state-wide retail organization; (9) **[**a representative of**]**

a municipal electric energy cooperative created pursuant to chapter 101a; (10) **[**two representatives selected by the gas companies in this state; and (11)**]** residential customers; and (11) the Commissioner of Energy and Environmental Protection. **[**Such members**]** The board shall also include two representatives selected by the gas companies. Members of the board shall serve for a period of five years and may be reappointed. Representatives of gas companies, electric distribution companies and the municipal electric energy cooperative shall be nonvoting members of the board. **[**The commissioner shall serve as the chairperson of the board.**]** The board shall elect a chairperson from its voting members.

Sec. 6. Subsection (d) of section 16-245m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) (1) Not later than October 1, 2012, and every two years thereafter, the electric distribution companies and gas companies shall submit to the commissioner a plan to implement cost-effective energy conservation programs and market transformation initiatives. The Energy Conservation Management Board shall advise and assist **[**the electric distribution**]** such companies in the development and implementation of **[**a comprehensive**]** such plan, which plan shall be approved by the Department of Energy and Environmental Protection. **[**, to implement cost-effective energy conservation programs and market transformation initiatives.**]** Such plan shall include steps that would be needed to achieve the goal of weatherization of eighty per cent of the state's residential units by 2030. Each program contained in the plan shall be reviewed by **[**the electric distribution company**]** such companies and either accepted or rejected by the Energy Conservation Management Board prior to submission to the **[**department**]** commissioner for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall

be allocated equitably among the conservation programs. The Energy Conservation Management Board shall give preference to projects that maximize the reduction of federally mandated congestion charges. The **[**Department**]** Commissioner of Energy and Environmental Protection shall, in an uncontested proceeding during which the department may hold a public **[**hearing**]** meeting, approve, modify or reject the comprehensive plan prepared pursuant to this subsection. In the event that the plan approved by the commissioner contains any provision the implementation of which requires funding through new or amended rates, the Public Utilities Regulatory Authority shall conduct a proceeding to implement such provision in accordance with the procedures established in section 16-19 to ensure that rates remain just and reasonable.

(2) There shall be a joint committee of the Energy Conservation Management Board and the board of directors of the Clean Energy Finance and Investment Authority. The **[**board and the advisory committee**]** boards shall each appoint members to such joint committee. The joint committee shall examine opportunities to coordinate the programs and activities funded by the Clean Energy Fund pursuant to section 16-245n, as amended by this act, with the programs and activities contained in the plan developed under this subsection to reduce the long-term cost, environmental impacts and security risks of energy in the state. Such joint committee shall hold its first meeting on or before August 1, 2005.

(3) Programs included in the plan developed under subdivision (1) of this subsection shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits for all energy savings to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally mandated congestion charges, whose value is greater than the costs of the programs. Program cost-effectiveness shall be reviewed annually, or otherwise as is practicable, and shall incorporate the results of the evaluation process set forth in subdivision (4) of this subsection. If a program is determined to fail the cost-effectiveness test

as part of the review process, it shall either be modified to meet the test or shall be terminated. On or before March 1, 2005, and on or before March first annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment that documents (A) expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, and (B) the extent to and manner in which the programs of such board collaborated and cooperated with programs, established under section 7-233y, of municipal electric energy cooperatives. To maximize the reduction of federally mandated congestion charges, programs in the plan may allow for disproportionate allocations between the amount of contributions to the Energy Conservation and Load Management Funds by a certain rate class and the programs that benefit such a rate class. Before conducting such evaluation, the board shall consult with the board of directors of the Clean Energy Finance and Investment Authority. The report shall include a description of the activities undertaken during the reporting period. **[**jointly or in collaboration with the Clean Energy Fund established pursuant to subsection (c) of section 16-245n.**]**

(4) The Department of Energy and Environmental Protection shall adopt an independent, comprehensive program evaluation, measurement and verification process to ensure the Energy Conservation Management Board's programs are administered appropriately and efficiently, comply with statutory requirements, programs and measures are cost effective, evaluation reports are accurate and issued in a timely manner, evaluation results are appropriately and accurately taken into account in program development and implementation, and information necessary to meet any third-party evaluation requirements is provided. An annual schedule and budget for evaluations as determined by the board shall be included in the plan filed with the department pursuant to subdivision (1) of this subsection. The electric distribution and gas

company representatives and the representative of a municipal electric energy cooperative may not vote on board plans, budgets, recommendations, actions or decisions regarding such process or its program evaluations and their implementation. Program and measure evaluation, measurement and verification shall be conducted on an ongoing basis, with emphasis on impact and process evaluations, programs or measures that have not been studied, and those that account for a relatively high percentage of program spending. Evaluations shall use statistically valid monitoring and data collection techniques appropriate for the programs or measures being evaluated. All evaluations shall contain a description of any problems encountered in the process of the evaluation, including, but not limited to, data collection issues, and recommendations regarding addressing those problems in future evaluations. The board shall contract with one or more consultants not affiliated with the board members to act as an evaluation administrator, advising the board regarding development of a schedule and plans for evaluations and overseeing the program evaluation, measurement and verification process on behalf of the board. Consistent with board processes and approvals and department decisions regarding evaluation, such evaluation administrator shall implement the evaluation process by preparing requests for proposals and selecting evaluation contractors to perform program and measure evaluations and by facilitating communications between evaluation contractors and program administrators to ensure accurate and independent evaluations. In the evaluation administrator's discretion and at his or her request, the electric distribution and gas companies shall communicate with the evaluation administrator for purposes of data collection, vendor contract administration, and providing necessary factual information during the course of evaluations. The evaluation administrator shall bring unresolved administrative issues or problems that arise during the course of an evaluation to the board for resolution, but shall have sole authority regarding substantive and implementation decisions regarding any evaluation. Board members, including electric distribution and gas company representatives, may not communicate

with an evaluation contractor about an ongoing evaluation except with the express permission of the evaluation administrator, which may only be granted if the administrator believes the communication will not compromise the independence of the evaluation. The evaluation administrator shall file evaluation reports with the board and with the department in its most recent uncontested proceeding pursuant to subdivision (1) of this subsection and the board shall post a copy of each report on its Internet web site. The board and its members, including electric distribution and gas company representatives, may file written comments regarding any evaluation with the department or for posting on the board's Internet web site. Within fourteen days of the filing of any evaluation report, the department, members of the board or other interested persons may request in writing, and the department shall conduct, a transcribed technical meeting to review the methodology, results and recommendations of any evaluation. Participants in any such transcribed technical meeting shall include the evaluation administrator, the evaluation contractor and the Office of Consumer Counsel at its discretion. On or before November 1, 2011, and annually thereafter, the board shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy, with the results and recommendations of completed program evaluations.

(5) Programs included in the plan developed under subdivision (1) of this subsection may include, but not be limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes which are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, real-time monitoring systems, engineering studies and services related to new construction or major building renovation; (E) the design, manufacture, commercialization and purchase of energy-efficient appliances and heating, air conditioning and lighting devices; (F) program planning and evaluation; (G) indoor air quality programs relating to energy

conservation; (H) joint fuel conservation initiatives programs targeted at reducing consumption of more than one fuel resource; (I) public education regarding conservation; and (J) demand-side technology programs recommended by the **[**integrated resources plan approved by the Department**]** Integrated Resources Plan adopted by the Commissioner of Energy and Environmental Protection pursuant to section 16a-3a, as amended by this act. The board shall periodically review contractors to determine whether they are qualified to conduct work related to such programs and to ensure that vendors are selected in a fair and equitable manner. **[**Such support**]** Support for such programs may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. The Energy Conservation Management Board shall periodically review the effectiveness of efficiency programs that the board oversees including, but not limited to, the low-income weatherization program, and shall periodically review contractors to determine whether they are qualified to conduct work related to programs that the board oversees. The plan shall also provide for expenditures by the **[**Energy Conservation Management Board**]** board for the retention of expert consultants and reasonable administrative costs provided such consultants shall not be employed by, or have any contractual relationship with, an electric distribution company. Such costs shall not exceed five per cent of the total revenue collected from the assessment.

Sec. 7. Subsection (i) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(i) The **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority shall establish, by regulations adopted pursuant to chapter 54, procedures for when and how a customer is notified that his electric supplier has defaulted and of the need for the customer to choose a new electric supplier within a reasonable period of time or to return to standard service.

Sec. 8. Subsection (l) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(l) Each electric distribution company shall offer to bill customers on behalf of participating electric suppliers and to pay such suppliers in a timely manner the amounts due such suppliers from customers for generation services, less a percentage of such amounts that reflects uncollectible bills and overdue payments as approved by the **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority.

Sec. 9. Subsection (a) of section 16-245d of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) The **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority shall, by regulations adopted pursuant to chapter 54, develop a standard billing format that enables customers to compare pricing policies and charges among electric suppliers. The **[**department**]** authority shall adopt regulations, in accordance with the provisions of chapter 54, to provide that an electric supplier, until July 1, 2012, may provide direct billing and collection services for electric generation services and related federally mandated congestion charges that such supplier provides to its customers with a maximum demand of not less than one hundred kilowatts that choose to receive a bill directly from such supplier and, on and after July 1, 2012, shall provide direct billing and collection services for electric generation services and related federally mandated congestion charges that such suppliers provide to their customers or may choose to obtain such billing and collection service through an electric distribution company and pay its pro rata share in accordance with the provisions of subsection (h) of section 16-244c. Any customer of an electric supplier, which is choosing to provide direct billing, who paid for the cost of billing and other services to an electric distribution company shall receive a credit on **[**their**]** the customer's monthly bill.

(1) An electric supplier that chooses to provide billing and collection services shall, in accordance with the billing format developed by the **[**department**]** authority, include the following information in each customer's bill: (A) The total amount owed by the customer, which shall be itemized to show (i) the electric generation services component and any additional charges imposed by the electric supplier, and (ii) federally mandated congestion charges applicable to the generation services; (B) any unpaid amounts from previous bills, which shall be listed separately from current charges; (C) the rate and usage for the current month and each of the previous twelve months in bar graph form or other visual format; (D) the payment due date; (E) the interest rate applicable to any unpaid amount; (F) the toll-free telephone number of the Public Utilities Regulatory Authority for questions or complaints; and (G) the toll-free telephone number and address of the electric supplier. On or before February 1, 2012, the authority shall conduct a review of the costs and benefits of suppliers billing for all components of electric service, and report, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the results of such review.

(2) An electric distribution company shall, in accordance with the billing format developed by the authority, include the following information in each customer's bill: (A) The total amount owed by the customer, which shall be itemized to show, (i) the electric generation services component if the customer obtains standard service or last resort service from the electric distribution company, (ii) the distribution charge, including all applicable taxes and the systems benefits charge, as provided in section 16-245*l*, (iii) the transmission rate as adjusted pursuant to subsection (d) of section 16-19b, (iv) the competitive transition assessment, as provided in section 16-245g, (v) federally mandated congestion charges, and (vi) the conservation and renewable energy charge, consisting of the conservation and load management program charge, as provided in section 16-245m, as amended by this act, and the renewable energy investment charge, as

provided in section 16-245n; (B) any unpaid amounts from previous bills which shall be listed separately from current charges; (C) except for customers subject to a demand charge, the rate and usage for the current month and each of the previous twelve months in the form of a bar graph or other visual form; (D) the payment due date; (E) the interest rate applicable to any unpaid amount; (F) the toll-free telephone number of the electric distribution company to report power losses; (G) the toll-free telephone number of the Public Utilities Regulatory Authority for questions or complaints; and (H) if a customer has a demand of five hundred kilowatts or less during the preceding twelve months, a statement about the availability of information concerning electric suppliers pursuant to section 16-245p.

Sec. 10. Subsection (a) of section 16-41 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) Each (1) public service company and its officers, agents and employees, (2) electric supplier or person providing electric generation services without a license in violation of section 16-245, and its officers, agents and employees, (3) certified telecommunications provider or person providing telecommunications services without authorization pursuant to sections 16-247f to 16-247h, inclusive, and its officers, agents and employees, (4) person, public agency or public utility, as such terms are defined in section 16-345, subject to the requirements of chapter 293, (5) person subject to the registration requirements under section 16-258a, (6) cellular mobile telephone carrier, as described in section 16-250b, (7) Connecticut electric efficiency partner, as defined in section 16-243v, **[**and**]** (8) company, as defined in section 16-49, (9) person who owns, operates or constructs a facility, as defined in section 16-50i, and (10) person who is engaged in the submetering of electricity or the billing thereof, shall obey, observe and comply with all applicable provisions of this title and each applicable order made or applicable regulations adopted by the Public Utilities Regulatory Authority or the Connecticut Siting Council, as applicable, by virtue of this title as long as the same remains in force. Any such company,

electric supplier, certified telecommunications provider, cellular mobile telephone carrier, Connecticut electric efficiency partner, person, any officer, agent or employee thereof, public agency or public utility which the authority finds has failed to obey or comply with any such provision of this title, order or regulation shall be fined by order of the authority in accordance with the penalty prescribed for the violated provision of this title or, if no penalty is prescribed, not more than ten thousand dollars for each offense, except that the penalty shall be a fine of not more than forty thousand dollars for failure to comply with an order of the authority made in accordance with the provisions of section 16-19 or 16-247k or within thirty days of such order or within any specific time period for compliance specified in such order. Each distinct violation of any such provision of this title, order or regulation shall be a separate offense and, in case of a continued violation, each day thereof shall be deemed a separate offense. Each such penalty and any interest charged pursuant to subsection (g) or (h) of section 16-49 shall be excluded from operating expenses for purposes of rate-making.

Sec. 11. Subdivision (3) of subsection (c) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(3) An electric distribution company providing electric generation services pursuant to this subsection shall cooperate with the procurement manager of the **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority and comply with the procurement plan for electric generation services contracts. Such plan shall require that the portfolio of service contracts be procured in such manner and duration as the authority determines to be most likely to produce just, reasonable and reasonably stable retail rates while reflecting underlying wholesale market prices over time. The portfolio of contracts shall be assembled in such manner as to invite competition; guard against favoritism, improvidence, extravagance, fraud and corruption; and secure a reliable electricity supply while avoiding unusual, anomalous or excessive pricing. An

affiliate of an electric distribution company may bid for an electric generation services contract, provided such electric distribution company and affiliate are in compliance with the code of conduct established in section 16-244h.

Sec. 12. (*Effective from passage*) The Public Utilities Regulatory Authority shall initiate a docket to review the regulation of the state's propane industry. On or before January 1, 2013, the authority shall report, in accordance with the provisions of section 11-4a of the general statutes, the findings of such docket to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology.

Sec. 13. Section 16-244u of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section:

(1) "Beneficial account" means an in-state retail end user of an electric distribution company designated by a customer host or agricultural customer host in such electric distribution company's service area to receive virtual net metering credits from a virtual net metering facility or agricultural virtual net metering credits from an agricultural virtual net metering facility;

(2) "Customer host" means an in-state retail end user of an electric distribution company that owns, leases or is subject to a long-term contract concerning a virtual net metering facility and participates in virtual net metering;

(3) "Unassigned virtual net metering credit" means in any given electric distribution company monthly billing period, a virtual net metering credit that remains after both the customer host and its beneficial accounts have been billed for zero kilowatt hours related solely to the generation service charges on such billings through virtual net metering;

(4) "Virtual net metering" means the process of combining the electric meter readings and billings, including any virtual net metering credits, for a customer host and a beneficial account through an electric distribution company billing process related solely to the generation service charges on such billings;

(5) "Virtual net metering credit" means a credit equal to the retail cost per kilowatt hour the customer host or agricultural customer host may have otherwise been charged for each kilowatt hour produced by a virtual net metering facility that exceeds the total amount of kilowatt hours used during an electric distribution company monthly billing period; **[**and**]**

(6) "Virtual net metering facility" means a Class I renewable energy source that: (A) Is served by an electric distribution company, (B) (i) is owned or leased by a customer host or is the subject of a long-term contract between the owner of such Class I renewable energy source and a customer host, and (ii) serves the electricity needs of the customer host and its beneficial accounts; **[**(B)**]** (C) is within the same electric distribution company service territory as the customer host and its beneficial accounts; and **[**(C)**]** (D) has a nameplate capacity rating of two megawatts or less;

(7) "Governmental customer" or "governmental customer host" means the state, or any political subdivision thereof, or any municipality;

(8) "Agricultural customer host" means an in-state retail end user of an electric distribution company that uses electricity for the purpose of agriculture, as defined in subsection (q) of section 1-1, that owns an agricultural net metering facility and participates in agricultural net metering;

(9) "Unassigned agricultural virtual net metering credit" means, in any given electric distribution company monthly billing period, an agricultural virtual net metering credit that remains after both the customer host and its beneficial accounts have been billed for zero

kilowatt hours related to the generation service charges on such billings through agricultural virtual net metering;

(10) "Agricultural virtual net metering" means the process of combining the electric meter readings and billings of the agricultural host, including any agricultural virtual net metering credits, for an agricultural customer host and any beneficial accounts through an electric distribution company billing process related to the generation charges on such billings; and

(11) "Agricultural virtual net metering facility" means a Class I renewable energy source that is operated as part of an agricultural business, as defined in subsection (q) of section 1-1 that: (A) Is served by an electric distribution company, on land owned or controlled by an agricultural customer host and serves the electricity needs of the agricultural customer host and its beneficial accounts; (B) is within the same electric distribution company service territory as the agricultural customer host and its beneficial accounts; and (C) has a nameplate capacity of two megawatts or less.

(b) Each electric distribution company shall provide virtual net metering to its **[**municipal**]** governmental customers and agricultural customer hosts shall make any necessary interconnections for a virtual net metering facility. Upon request by a **[**municipal**]** governmental or agricultural customer host to implement the provisions of this section, an electric distribution company shall install metering equipment, if necessary. For each **[**municipal**]** governmental or agricultural customer host, such metering equipment shall (1) measure electricity consumed from the electric distribution company's facilities; (2) deduct the amount of electricity produced but not consumed; and (3) register, for each monthly billing period, the net amount of electricity produced and, if applicable, consumed. If, in a given monthly billing period, a **[**municipal**]** governmental or agricultural customer host supplies more electricity to the electric distribution system than the electric distribution company delivers to the **[**municipal**]** governmental or agricultural customer host, the electric distribution company shall bill

the [municipal] governmental or agricultural customer host for zero kilowatt hours of generation and assign a virtual net metering credit to the [municipal] governmental or agricultural customer host's beneficial accounts for the next monthly billing period. Such credit shall be applied against the generation service component of the beneficial account. Such credit shall be allocated among such accounts in proportion to their consumption for the previous twelve billing periods. Agricultural virtual net metering credits shall first be applied against the generation service components of the agricultural customer host's metered accounts with any remaining credits applied against the generation service component of the beneficial account. Such credits shall be allocated among such accounts in proportion to their consumption for the previous twelve billing periods.

(c) An electric distribution company shall carry forward any unassigned virtual net metering generation credits earned by the [municipal] governmental or agricultural customer host from one monthly billing period to the next until the end of the calendar year. At the end of each calendar year, the electric distribution company shall compensate the [municipal] governmental or agricultural customer host for any unassigned virtual net metering generation credits at the rate the electric distribution company pays for power procured to supply standard service customers pursuant to section 16-244c, as amended by this act.

(d) At least sixty days before a [municipal] governmental customer host's virtual net metering facility becomes operational, the [municipal] governmental customer host shall provide written notice to the electric distribution company of its beneficial accounts. The [municipal] governmental customer host may change its list of beneficial accounts not more than once annually by providing another sixty days' written notice. The [municipal] governmental customer host shall not designate more than five beneficial accounts, except for critical facility accounts connected to a microgrid such customer may identify not more than eight beneficial accounts.

(e) Not later than sixty days before an agricultural customer host's agricultural virtual net metering facility becomes operational, the agricultural customer host shall provide written notice to the electric distribution company serving such customer host of its beneficial accounts. The agricultural customer host may change its list of beneficial accounts not more than once annually by providing another sixty days' written notice. The agricultural customer host shall not designate more than eight beneficial accounts.

[(e)**]** (f) On or before February 1, 2012, the **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority shall conduct a proceeding to develop the administrative processes and program specifications, including, but not limited to, a cap of one million dollars per year apportioned to each electric distribution company based on consumer load for credits provided to beneficial accounts pursuant to subsection (c) of this section and payments made pursuant to subsection (d) of this section.

[(f)**]** (g) On or before January 1, 2013, and annually thereafter, each electric distribution company shall report to the **[**department**]** authority on the cost of its virtual net metering program pursuant to this section and the **[**department**]** authority shall combine such information and report it annually, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 14. Section 16-5 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*)*:*

Misconduct, material neglect of duty, incompetence in the conduct of his office, **[**or**]** active participation in political management or campaigns or failure to comply with any applicable provision of this title or title 16a by any **[**commissioner**]** director of the Public Utilities Regulatory Authority shall constitute cause for removal. Such removal shall be made only after judgment of the Superior Court rendered upon written complaint of the Attorney General. The Attorney General

may file such complaint in his discretion and shall file such complaint if so directed by the Governor. Upon the filing of such complaint, a rule to show cause shall issue to the accused, who may make any proper answer within such time as the court may limit and shall have the right to be heard in his own defense and by witnesses and counsel. The procedure upon such complaint shall be similar to that in civil actions, but such complaint shall be privileged in order of trial and shall be heard as soon as practicable. If, after hearing, the court finds cause for removal, it shall render judgment to that effect, and thereupon the office of such **[**commissioner**]** director shall become vacant.

Sec. 15. (NEW) (*Effective from passage*) There is established a Division of Adjudication within the Public Utilities Regulatory Authority. The staff of the division shall include, but not be limited to, hearing officers assigned pursuant to subsection (c) of section 16-2 of the general statutes, as amended by this act. The responsibilities of the division shall include, but not be limited to, hearing matters assigned under said subsection and advising the authority concerning legal issues. The authority shall assign such hearing officers pursuant to section 16-2 of the general statutes, as amended by this act, and assign such other staff as are necessary to advise the authority.

Sec. 16. Subsection (a) of section 16-49 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section:

(1) "Company" means (A) any public service company other than a telephone company, that had more than one hundred thousand dollars of gross revenues in the state in the calendar year preceding the assessment year under this section, except any such company not providing service to retail customers in the state, (B) any telephone company that had more than one hundred thousand dollars of gross revenues in the state from telecommunications services in the calendar

year preceding the assessment year under this section, except any such company not providing service to retail customers in the state, (C) any certified telecommunications provider that had more than one hundred thousand dollars of gross revenues in the state from telecommunications services in the calendar year preceding the assessment year under this section, except any such certified telecommunications provider not providing service to retail customers in the state, (D) any electric supplier that had more than one hundred thousand dollars of gross revenues in the state in the calendar year preceding the assessment year under this section, except any such supplier not providing electric generation services to retail customers in the state, or (E) any certified competitive video service provider issued a certificate of video franchise authority by the **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority in accordance with section 16-331e that had more than one hundred thousand dollars of gross revenues in the state in the calendar year preceding the assessment year under this section, except any such certified competitive video service provider not providing service to retail customers in the state;

(2) "Telecommunications services" means (A) in the case of telecommunications services provided by a telephone company, any service provided pursuant to a tariff approved by the authority other than wholesale services and resold access and interconnections services, and (B) in the case of telecommunications services provided by a certified telecommunications provider other than a telephone company, any service provided pursuant to a tariff approved by the authority and pursuant to a certificate of public convenience and necessity; and

(3) "Fiscal year" means the period beginning July first and ending June thirtieth.

Sec. 17. Section 16-8 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Public Utilities Regulatory Authority may, in its discretion, delegate its powers, in specific cases, to one or more of its directors or to a hearing officer to ascertain the facts and report thereon to the authority. The authority, or any director thereof, in the performance of its duties or in connection with any hearing, or at the request of any person, corporation, company, town, borough or association, may summon and examine, under oath, such witnesses, and may direct the production of, and examine or cause to be produced and examined, such books, records, vouchers, memoranda, documents, letters, contracts or other papers in relation to the affairs of any public service company as it may find advisable, and shall have the same powers in reference thereto as are vested in magistrates taking depositions. If any witness objects to testifying or to producing any book or paper on the ground that such testimony, book or paper may tend to incriminate him, and the authority directs such witness to testify or to produce such book or paper, and he complies, or if he is compelled so to do by order of court, he shall not be prosecuted for any matter concerning which he or she has so testified. The fees of witnesses summoned by the **[**department**]** authority to appear before it under the provisions of this section, and the fees for summoning witnesses shall be the same as in the Superior Court. All such fees, together with any other expenses authorized by statute, the method of payment of which is not otherwise provided, shall, when taxed by the authority, be paid by the state, through the business office of the authority, in the same manner as court expenses. The authority may designate in specific cases a hearing officer who may be a member of its technical staff or a member of the Connecticut Bar engaged for that purpose under a contract approved by the Secretary of the Office of Policy and Management to hold a hearing and make report thereon to the authority. A hearing officer so designated shall have the same powers as the authority, or any director thereof, to conduct a hearing, except that only a director of the authority shall have the power to grant immunity from prosecution to any witness who objects to testifying or to producing any book or paper on the ground that such testimony, book or paper may tend to incriminate him or her.

(b) (1) The authority may **[**, within available appropriations,**]** employ professional personnel to perform management audits. The authority shall promptly establish such procedures as it deems necessary or desirable to provide for management audits to be performed on a regular or irregular schedule on all or any portion of the operating procedures and any other internal workings of any public service company, including the relationship between any public service company and a related holding company or subsidiary, consistent with the provisions of section 16-8c, provided no such audit shall be performed on a community antenna television company, except with regard to any noncable communications services which the company may provide, or when (A) such an audit is necessary for the authority to perform its regulatory functions under the Communications Act of 1934, 47 USC 151, et seq., as amended from time to time, other federal law or state law, (B) the cost of such an audit is warranted by a reasonably foreseeable financial, safety or service benefit to subscribers of the company which is the subject of such an audit, and (C) such an audit is restricted to examination of the operating procedures that affect operations within the state.

(2) In any case where the authority determines that an audit is necessary or desirable, it may (A) order the audit to be performed by one of the management audit teams, (B) require the affected company to perform the audit utilizing the company's own internal management audit staff as supervised by designated members of the authority's staff, or (C) require that the audit be performed under the supervision of designated members of the authority's staff by an independent management consulting firm selected by the authority, in consultation with the affected company. If the affected company has more than seventy-five thousand customers, such independent management consulting firm shall be of nationally recognized stature. All reasonable and proper expenses of the audits, including, but not limited to, the costs associated with the audit firm's testimony at a public hearing or other proceeding, shall be borne by the affected companies and shall be paid by such companies at such times and in

such manner as the authority directs.

(3) For purposes of this section, a complete audit shall consist of (A) a diagnostic review of all functions of the audited company, which shall include, but not be limited to, documentation of the operations of the company, assessment of the company's system of internal controls, and identification of any areas of the company which may require subsequent audits, and (B) the performance of subsequent focused audits identified in the diagnostic review and determined necessary by the authority. All audits performed pursuant to this section shall be performed in accordance with generally accepted management audit standards. The **[**department**]** authority shall adopt regulations in accordance with the provisions of chapter 54 setting forth such generally accepted management audit standards. Each audit of a community antenna television company shall be consistent with the provisions of the Communications Act of 1934, 47 USC 151, et seq., as amended from time to time, and of any other applicable federal law. The authority shall certify whether a portion of an audit conforms to the provisions of this section and constitutes a portion of a complete audit.

(4) A complete audit of each portion of each gas, electric or electric distribution company having more than seventy-five thousand customers shall begin no less frequently than every six years, so that a complete audit of such a company's operations shall be performed every six years. Such an audit of each such company having more than seventy-five thousand customers shall be updated as required by the authority.

(5) The results of an audit performed pursuant to this section shall be filed with the authority and shall be open to public inspection. Upon completion and review of the audit, if the person or firm performing or supervising the audit determines that any of the operating procedures or any other internal workings of the affected public service company are inefficient, improvident, unreasonable, negligent or in abuse of discretion, the authority may, after notice and

opportunity for a hearing, order the affected public service company to adopt such new or altered practices and procedures as the authority shall find necessary to promote efficient and adequate service to meet the public convenience and necessity. The authority shall annually submit a report of audits performed pursuant to this section to the joint standing committee of the General Assembly having cognizance of matters relating to public utilities which report shall include the status of audits begun but not yet completed and a summary of the results of audits completed. Any such report may be submitted electronically, provided one paper copy of such report is submitted to said committee.

(6) All reasonable and proper costs and expenses, as determined by the authority, of complying with any order of the authority pursuant to this subsection shall be recognized by the authority for all purposes as proper business expenses of the affected company.

(7) After notice and hearing, the authority may modify the scope and schedule of a management audit of a telephone company which is subject to an alternative form of regulation so that such audit is consistent with that alternative form of regulation.

(c) Nothing in this section shall be deemed to interfere or conflict with any powers of the authority or its staff provided elsewhere in the general statutes, including, but not limited to, the provisions of this section and sections 16-7, as amended by this act, 16-28 and 16-32, to conduct an audit, investigation or review of the books, records, plant and equipment of any regulated public service company.

Sec. 18. Subsection (a) of section 16-245y of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Not later than October 1, 1999, and annually thereafter, each electric company and electric distribution company, as defined in section 16-1, shall report to the Public Utilities Regulatory Authority its system average interruption duration index (SAIDI) and its system

average interruption frequency index (SAIFI) for the preceding twelve months. For purposes of this section: (1) Interruptions shall not include outages attributable to major storms, scheduled outages and outages caused by customer equipment, each as determined by the **[**department**]** authority; (2) SAIDI shall be calculated as the sum of customer interruptions in the preceding twelve-month period, in minutes, divided by the average number of customers served during that period; and (3) SAIFI shall be calculated as the total number of customers interrupted in the preceding twelve-month period, divided by the average number of customers served during that period. Not later than January 1, 2000, and annually thereafter, the authority shall report on the SAIDI and SAIFI data for each electric company and electric distribution, and all state-wide SAIDI and SAIFI data to the joint standing committee of the General Assembly having cognizance of matters relating to energy. Any such report may be submitted electronically, provided one paper copy of such report is submitted to said committee.

Sec. 19. Subsection (c) of section 16-245y of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) Not later than January 1, 2011, and annually thereafter, the **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy the number of applicants for licensure pursuant to section 16-245 during the preceding twelve months, the number of applicants licensed by the **[**department**]** authority and the average period of time taken to process a license application. Any such report may be submitted electronically, provided one paper copy of such report is submitted to said committee.

Sec. 20. Subsection (b) of section 16-244m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(b) The procurement manager shall, not less than quarterly, meet with the **[**Commissioner of Energy and Environmental Protection**]** Public Utilities Regulatory Authority and prepare a written report on the implementation of the plan. If the procurement manager finds that an interim amendment to the annual **[**procurement plan**]** Procurement Plan might substantially further the goals of reducing the cost or cost volatility of standard service, the procurement manager may petition the Public Utilities Regulatory Authority for such an interim amendment. The Public Utilities Regulatory Authority shall provide notice of the proposed amendment to the Office of Consumer Counsel and the electric distribution companies. The Office of Consumer Counsel and the electric distribution companies shall have two business days from the date of such notice to request an uncontested proceeding and a technical meeting of the Public Utilities Regulatory Authority regarding the proposed amendment, which proceeding and meeting shall occur if requested. The Public Utilities Regulatory Authority may approve, modify or deny the proposed amendment, with such approval, modification or denial following the technical meeting if one is requested. The Public Utilities Regulatory Authority's ruling shall occur within three business days after the technical meeting, if one is requested, or within three business days of the expiration of the time for requesting a technical meeting if no technical meeting is requested. The Public Utilities Regulatory Authority may maintain the confidentiality of the technical meeting to the full extent allowed by law.

Sec. 21. Subsection (c) of section 16-2 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) Any matter coming before the authority may be assigned by the chairperson to a panel of one or more directors. Except as otherwise provided by statute or regulation, the panel shall determine whether a public hearing shall be held on the matter, and may designate one or two of its members to conduct such hearing or **[**request the appointment of**]** may assign a hearing officer to ascertain the facts and

report thereon to the panel. The decision of the panel, if unanimous, shall be the decision of the authority. If the decision of the panel is not unanimous, the matter shall be approved by a majority vote of the **[**panel**]** directors of the authority.

Sec. 22. Subsection (g) of section 16-2 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(g) No director of the authority or employee of the Department of Energy and Environmental Protection assigned to work with the authority shall **[**, while serving as such or during such assignment,**]** have any interest, financial or otherwise, direct or indirect, or engage in any business, employment, transaction or professional activity, or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties or employment in the public interest and of his or her responsibilities as prescribed in the laws of this state, as defined in section 1-85, concerning any matter within the jurisdiction of the authority; provided, no such substantial conflict shall be deemed to exist solely by virtue of the fact that a director of the authority or employee of the department assigned to work with the authority, or any business in which such a person has an interest, receives utility service from one or more Connecticut utilities under the normal rates and conditions of service.

Sec. 23. Subsection (a) of section 16-244m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) On or before January 1, 2012, and annually thereafter, the procurement manager of the **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority, in consultation with each electric distribution company, the Commissioner of Energy and Environmental Protection and **[**with**]** others at the procurement manager's discretion, including, but not limited to, a municipal energy cooperative established pursuant to

chapter 101a, other than entities, individuals and companies or their affiliates potentially involved in bidding on standard service, shall develop a plan for the procurement of electric generation services and related wholesale electricity market products that will enable each electric distribution company to manage a portfolio of contracts to reduce the average cost of standard service while maintaining standard service cost volatility within reasonable levels. Each **[**procurement plan**]** Procurement Plan shall provide for the competitive solicitation for load-following electric service and may include a provision for the use of other contracts, including, but not limited to, contracts for generation or other electricity market products and financial contracts, and may provide for the use of varying lengths of contracts. If such plan includes the purchase of full requirements contracts, it shall include an explanation of why such purchases are in the best interests of standard service customers.

Sec. 24. Subsection (d) of section 16-244m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) (1) The **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority shall conduct an uncontested proceeding to approve, with any amendments it determines necessary, a **[**procurement plan**]** Procurement Plan submitted pursuant to subsection (a) of this section.

(2) The **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority shall report annually in accordance with the provisions of section 11-4a to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the **[**procurement plan**]** Procurement Plan and its implementation. Any such report may be submitted electronically, provided one paper copy of such report is submitted to said committee.

Sec. 25. Section 16a-3d of the 2012 supplement to the general

statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) On or before July 1, 2012, and every three years thereafter, the Commissioner of Energy and Environmental Protection, in consultation with the Connecticut Energy Advisory Board, shall prepare a **[**comprehensive energy plan**]** Comprehensive Energy Strategy. Such **[**plan**]** strategy shall reflect the legislative findings and policy stated in section 16a-35k and shall incorporate (1) an assessment and plan for all energy needs in the state, including, but not limited to, electricity, heating, cooling, and transportation, (2) the findings of the **[**integrated resources plan**]** Integrated Resources Plan, (3) the findings of the plan for energy efficiency adopted pursuant to section 16-245m, as amended by this act, **[**and**]** (4) the findings of the plan for renewable energy adopted pursuant to section 16-245n, as amended by this act, and (5) the Energy Assurance Plan developed for Connecticut pursuant to the American Recovery and Reinvestment Act, P.L. 111-5, or any successor Energy Assurance Plan that is developed within a reasonable time prior to the preparation of any such Comprehensive Energy Strategy. Such **[**plan**]** strategy shall further include, but not be limited to, (A) an assessment of current energy supplies, demand and costs, (B) identification and evaluation of the factors likely to affect future energy supplies, demand and costs, (C) a statement of progress made toward achieving the goals and milestones set in the preceding **[**comprehensive energy plan**]** Comprehensive Energy Strategy, (D) a statement of energy policies and long-range energy planning objectives and strategies appropriate to achieve, among other things, a sound economy, the least-cost mix of energy supply sources and measures that reduce demand for energy, giving due regard to such factors as consumer price impacts, security and diversity of fuel supplies and energy generating methods, protection of public health and safety, environmental goals and standards, conservation of energy and energy resources and the ability of the state to compete economically, (E) recommendations for administrative and legislative actions to implement such policies, objectives and strategies, (F) an

assessment of the potential costs savings and benefits to ratepayers, including, but not limited to, carbon dioxide emissions reductions or voluntary joint ventures to repower some or all of the state's coal-fired and oil-fired generation facilities built before 1990, and (G) the benefits, costs, obstacles and solutions related to the expansion and use and availability of natural gas in Connecticut. If the department finds that such expansion is in the public interest, it shall develop a plan to increase the use and availability of natural gas for transportation purposes.

(b) In adopting the **[**comprehensive energy plan**]** Comprehensive Energy Strategy, the Commissioner of Energy and Environmental Protection **[**, or the commissioner's designee,**]** shall conduct a proceeding **[**and such proceeding**]** that shall not be considered a contested case under chapter 54, provided **[**a hearing pursuant to chapter 54**]** at least one public meeting and a technical meeting shall be held. The commissioner shall give not less than fifteen days' notice of such **[**proceeding**]** public meeting and not less than thirty days' notice of any technical meeting by electronic publication on the department's Internet web site. Notice of such **[**hearing**]** meeting may also be published in one or more newspapers having a state-wide circulation if deemed necessary by the commissioner. Such notice shall state the date, time, and place of the meeting, the procedures for submitting comments and questions to the commissioner, the subject matter of the meeting, the statutory authority for the proposed **[**plan**]** strategy and the location where a copy of the proposed **[**plan**]** strategy may be obtained or examined in addition to posting the **[**plan**]** proposed strategy on the department's Internet web site. **[**The Public Utilities Regulatory Authority shall comment on the plan's impact on ratepayers and any other person may comment on the proposed plan.**]** The commissioner shall provide a time period of not less than **[**forty-five**]** sixty days from the date the notice is published on the department's Internet web site for public review and comment and, during such time period, any person may provide comments and questions concerning the proposed strategy to the commissioner. All

written comments or questions submitted to the commissioner shall be promptly posted on the department's Internet web site. Any meeting conducted pursuant to this section shall be recorded and transcribed. Such transcription shall be promptly posted on the department's Internet web site. Department staff and any expert retained by the commissioner in developing the strategy shall be available at any such meeting for questioning by participants. The commissioner shall consider fully, after all public meetings, all written and oral comments concerning the proposed **[**plan**]** strategy and shall approve or reject the strategy. The commissioner shall post on the department's Internet web site, and notify by electronic mail each person who requests such notice, **[**. The commissioner shall make available**]** the electronic text of the final **[**plan**]** strategy or an Internet web site where the final **[**plan**]** strategy is posted, and a report summarizing **[**(1)**]** all public comments, **[**and (2)**]** the commissioner's response to such comments, the changes made to the final **[**plan**]** strategy in response to such comments and the reasons **[**therefore**]** therefor. The final strategy may not be relied on as precedent or authority by an agency until such strategy has been made available for public inspection and copying. Any document or transcript related to the strategy shall be indexed on the department's Internet web site in a manner that is readily accessible to any such interested person.

(c) The commissioner shall submit the final **[**plan**]** strategy electronically to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment.

(d) The commissioner may, in consultation with the Connecticut Energy Advisory Board, modify the **[**comprehensive energy plan**]** Comprehensive Energy Strategy in accordance with the procedures outlined in subsections (b) and (c) of this section. **[**The commissioner may approve or reject such plan with comments.**]**

(e) The decisions of the Public Utilities Regulatory Authority shall be guided by the goals of the Department of Energy and Environmental Protection, as listed in section 22a-2d, and by the goals

of the **[**comprehensive energy plan**]** Comprehensive Energy Strategy approved pursuant to this section and the **[**integrated resources plan**]** Integrated Resources Plan approved pursuant to section 16a-3a and shall be based on the evidence in the record of each proceeding.

(f) All **[**electric distribution companies'**]** reasonable costs associated with the development of the **[**resource assessment**]** Comprehensive Energy Strategy approved by the commissioner shall be recoverable through **[**the systems benefits charge**]** an assessment pursuant to section 16-49, as amended by this act. All electric distribution companies' reasonable costs associated with the development of the strategy, if any, shall be recoverable through a reconciling, nonbypassable component of electric rates as determined by the authority.

(g) In the event that the Comprehensive Energy Strategy approved by the commissioner contains any provision the implementation of which requires funding through new or amended rates, the commissioner shall request that the Public Utilities Regulatory Authority open a proceeding to implement such provision in accordance with the procedures established in section 16-19 to ensure that rates remain just and reasonable.

Sec. 26. Section 16a-3a of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The **[**Department**]** Commissioner of Energy and Environmental Protection, in consultation with the Connecticut Energy Advisory Board and the electric distribution companies, shall review the state's energy and capacity resource assessment and **[**develop**]** adopt an **[**integrated resources plan**]** Integrated Resources Plan for the procurement of energy resources, including, but not limited to, conventional and renewable generating facilities, energy efficiency, load management, demand response, combined heat and power facilities, distributed generation and other emerging energy

technologies to meet the projected requirements of their customers in a manner that minimizes the cost of such resources to customers over time and maximizes consumer benefits consistent with the state's environmental goals and standards. Such **[**integrated resources plan**]** Integrated Resources Plan shall seek to lower the cost of electricity.

(b) On or before January 1, 2012, and biennially thereafter, the **[**Department**]** Commissioner of Energy and Environmental Protection, in consultation with the Connecticut Energy Advisory Board and the electric distribution companies, shall prepare an assessment of (1) the energy and capacity requirements of customers for the next three, five and ten years, (2) the manner of how best to eliminate growth in electric demand, (3) how best to level electric demand in the state by reducing peak demand and shifting demand to off-peak periods, (4) the impact of current and projected environmental standards, including, but not limited to, those related to greenhouse gas emissions and the federal Clean Air Act goals and how different resources could help achieve those standards and goals, (5) energy security and economic risks associated with potential energy resources, and (6) the estimated lifetime cost and availability of potential energy resources.

(c) Resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost-effective, reliable and feasible. The projected customer cost impact of any demand-side resources considered pursuant to this subsection shall be reviewed on an equitable basis with nondemand-side resources. The **[**integrated resources plan**]** Integrated Resources Plan shall specify (1) the total amount of energy and capacity resources needed to meet the requirements of all customers, (2) the extent to which demand-side measures, including efficiency, conservation, demand response and load management can cost-effectively meet these needs in a manner that ensures equity in benefits and cost reduction to all classes and subclasses of consumers, (3) needs for generating capacity and transmission and distribution improvements, (4) how the development of such resources will reduce and stabilize the costs of electricity to each class and subclass of consumers, and (5) the manner in which

each of the proposed resources should be procured, including the optimal contract periods for various resources.

(d) The **[**integrated resources plan**]** Integrated Resources Plan shall consider: (1) Approaches to maximizing the impact of demand-side measures; (2) the extent to which generation needs can be met by renewable and combined heat and power facilities; (3) the optimization of the use of generation sites and generation portfolio existing within the state; (4) fuel types, diversity, availability, firmness of supply and security and environmental impacts thereof, including impacts on meeting the state's greenhouse gas emission goals; (5) reliability, peak load and energy forecasts, system contingencies and existing resource availabilities; (6) import limitations and the appropriate reliance on such imports; (7) the impact of the **[**procurement plan**]** Procurement Plan on the costs of electric customers; and (8) the effects on participants and nonparticipants. **[**Such plan**]** The Integrated Resources Plan shall include options for lowering the rates and cost of electricity. Such plan shall take into account the comprehensive plan to implement cost-effective energy conservation programs and market transformation initiatives developed pursuant to section 16-245m, as amended by this act. The Department of Energy and Environmental Protection shall hold a **[**public hearing**]** public meeting and a technical meeting on such **[**integrated resources plan**]** Integrated Resources Plan. **[**pursuant to chapter 54. The commissioner may approve or reject such plan with comments.**]**

(e) **[**The procurement manager of the Public Utilities Regulatory Authority, in consultation with the electric distribution companies, the regional independent system operator, and the Connecticut Energy Advisory Board, shall develop a procurement plan and hold public hearings on the proposed plan. Such hearings shall not constitute a contested case and shall be held in accordance with chapter 54. The Public Utilities Regulatory Authority shall give not less than fifteen days' notice of such proceeding by electronic publication on the department's Internet web site.**]** In adopting the Integrated Resources

Plan, the commissioner shall conduct an uncontested proceeding that shall include not less than one public meeting and one technical meeting. Not less than fifteen days before any such public meeting and not less than thirty days before any technical meeting, the commissioner shall publish notice of such meetings and post the text of the proposed Integrated Resources Plan on the department's Internet web site. Notice of such **[**hearing**]** meeting may also be published in one or more newspapers having a state-wide circulation if deemed necessary by the commissioner. Such notice shall state the date, time, and place of **[**the hearing**]** any meeting, the subject matter of the **[**hearing**]** meeting, the manner and time period during which comments and questions may be submitted to the commissioner, the statutory authority for the proposed **[**integrated resources plan**]** Integrated Resources Plan and the location where a copy of the **[**proposed integrated resources**]** plan may be obtained or examined. **[**in addition to posting the plan on the department's Internet web site.**]** The commissioner shall provide a time period of not less than **[**forty-five**]** sixty days from the date the notice is published on the department's Internet web site for public review and comment and during such period any person may submit comments and questions concerning the proposed plan to the commissioner. All written comments or questions submitted to the commissioner shall be promptly posted on the department's Internet web site. Any meeting conducted pursuant to this section shall be recorded and transcribed. Such transcription shall be promptly posted on the department's Internet web site. Department staff and any expert retained by the commissioner in developing the plan shall be available at any such meeting to answer the questions of participants. The commissioner shall consider fully, after all public meetings, all written and oral comments concerning the proposed **[**integrated resources plan**]** Integrated Resources Plan and shall finalize the plan. The commissioner shall post on the department's Internet web site, and notify by electronic mail each person who requests such notice, **[**. The commissioner shall make available**]** the electronic text of the final **[**integrated resources plan or an Internet web site where the final

integrated resources plan is posted,**]** Integrated Resources Plan and a report summarizing **[**(1)**]** all public comments, **[**and (2)**]** the commissioner's response to such comments, the changes made to the final **[**integrated resources**]** plan in response to such comments and the reasons therefor. The final plan may not be relied on as precedent or authority by an agency until such plan has been made available for public inspection and copying. Any document or transcript related to the plan shall be indexed on the department's Internet web site in a manner that is readily accessible to any such interested person. The commissioner shall submit the final **[**integrated resources plan**]** Integrated Resources Plan by electronic means, or as requested, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment. The department's Bureau of Energy shall, after the public hearing, make recommendations to the Commissioner of Energy and Environmental Protection regarding plan modifications. Said commissioner shall approve or reject the plan with comments. The commissioner may modify the Integrated Resources Plan to correct clerical errors at any time without following the procedures outlined in this subsection. The commissioner shall post any modified plan on the department's Internet web site and provide the electronic text of such modified plan by electronic mail to each person who requests such text.

(f) **[**On or before March 1, 2012**]** Not later than two years after the adoption of the Comprehensive Energy Strategy, adopted pursuant to section 16a-3d, as amended by this act, and the Integrated Resources Plan, adopted pursuant to this section, and every two years thereafter, the **[**Department**]** Commissioner of Energy and Environmental Protection shall report to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment regarding goals established and progress toward implementation of **[**the integrated resources plan established pursuant to this section**]** said plan and said strategy, as well as any recommendations **[**for the process**]** concerning said plan and said strategy. Any such report may be submitted electronically.

(g) All reasonable costs associated with the development of the resource assessment, **[**and the development of the integrated resources plan**]** the Integrated Resources Plan, adopted pursuant to this section, and the **[**procurement plan**]** Procurement Plan, adopted pursuant to section 16-244m, as amended by this act, shall be recoverable through the assessment in section 16-49, as amended by this act. All electric distribution companies' reasonable costs associated with the development of the Integrated Resources Plan, if any, shall be recoverable through a reconciling, nonbypassable component of electric rates as determined by the authority.

(h) The decisions of the Public Utilities Regulatory Authority shall be guided by the goals of the Department of Energy and Environmental Protection, as described in section 22a-2d, and with the goals of the **[**integrated resources plan**]** Integrated Resources Plan approved pursuant to this section and the **[**comprehensive energy plan**]** Comprehensive Energy Strategy developed pursuant to section 16a-3d and shall be based on the evidence in the record of each proceeding.

(i) In the event that the Integrated Resources Plan finalized by the commissioner contains any provision the implementation of which requires funding through new or amended rates, the commissioner shall request that the Public Utilities Regulatory Authority open a proceeding to implement such provision, in accordance with the procedures established in section 16-19, to ensure that rates remain just and reasonable.

Sec. 27. (NEW) (*Effective July 1, 2012*) The Commissioner of Energy and Environmental Protection shall be a party to each proceeding before the Public Utilities Regulatory Authority and shall participate in any such proceeding to the extent the commissioner deems necessary. The commissioner may appeal from a decision, order or authorization in any such proceeding that is a contested case notwithstanding the commissioner's failure to appear or participate in such proceeding.

Sec. 28. Subdivision (2) of subsection (j) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(2) Notwithstanding the provisions of subsection (d) of this section regarding an alternative transitional standard offer option or an alternative standard service option, an electric distribution company providing transitional standard offer service, standard service, supplier of last resort service or back-up electric generation service in accordance with this section shall, not later than July 1, 2008, file with the Public Utilities Regulatory Authority for its approval one or more long-term power purchase contracts from Class I renewable energy source projects with a preference for projects located in Connecticut that receive funding from the Clean Energy Fund and that are not less than one megawatt in size, at a price that is either, at the determination of the project owner, (A) not more than the total of the comparable wholesale market price for generation plus five and one-half cents per kilowatt hour, or (B) fifty per cent of the wholesale market electricity cost at the point at which transmission lines intersect with each other or interface with the distribution system, plus the project cost of fuel indexed to natural gas futures contracts on the New York Mercantile Exchange at the natural gas pipeline interchange located in Vermillion Parish, Louisiana that serves as the delivery point for such futures contracts, plus the fuel delivery charge for transporting fuel to the project, plus five and one-half cents per kilowatt hour. In its approval of such contracts, the authority shall give preference to purchase contracts from those projects that would provide a financial benefit to ratepayers and would enhance the reliability of the electric transmission system of the state. Such projects shall be located in this state. The owner of a fuel cell project principally manufactured in this state shall be allocated all available air emissions credits and tax credits attributable to the project and no less than fifty per cent of the energy credits in the Class I renewable energy credits program established in section 16-245a attributable to the project. On and after October 1, 2007, and until September 30, 2008, such contracts shall be comprised of not

less than a total, apportioned among each electric distribution company, of one hundred twenty-five megawatts; and on and after October 1, 2008, such contracts shall be comprised of not less than a total, apportioned among each electrical distribution company, of one hundred fifty megawatts. The Public Utilities Regulatory Authority shall not issue any order that results in the extension of any in-service date or contractual arrangement made as a part of Project 100 or Project 150 beyond the termination date previously approved by the authority established by the contract, provided any party to such contract may provide a notice of termination in accordance with the terms of, and to the extent permitted under, its contract, except the authority shall grant, upon request, an extension of such latest in-service date by sixteen months for any project located in a distressed municipality, as defined in section 32-9p. The cost of such contracts and the administrative costs for the procurement of such contracts directly incurred shall be eligible for inclusion in the adjustment to the transitional standard offer as provided in this section and any subsequent rates for standard service, provided such contracts are for a period of time sufficient to provide financing for such projects, but not less than ten years, and are for projects which began operation on or after July 1, 2003. Except as provided in this subdivision, the amount from Class I renewable energy sources contracted under such contracts shall be applied to reduce the applicable Class I renewable energy source portfolio standards. For purposes of this subdivision, the **[**department's**]** authority's determination of the comparable wholesale market price for generation shall be based upon a reasonable estimate. On or before September 1, 2011, the authority, in consultation with the Office of Consumer Counsel and the Clean Energy Finance and Investment Authority, shall study the operation of such renewable energy contracts and report its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 29. Section 16-245n of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof

(*Effective from passage*):

(a) For purposes of this section, "clean energy" means solar photovoltaic energy, solar thermal, geothermal energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydropower that meets the low-impact standards of the Low-Impact Hydropower Institute, hydrogen production and hydrogen conversion technologies, low emission advanced biomass conversion technologies, alternative fuels, used for electricity generation including ethanol, biodiesel or other fuel produced in Connecticut and derived from agricultural produce, food waste or waste vegetable oil, provided the Commissioner of Energy and Environmental Protection determines that such fuels provide net reductions in greenhouse gas emissions and fossil fuel consumption, usable electricity from combined heat and power systems with waste heat recovery systems, thermal storage systems, other energy resources and emerging technologies which have significant potential for commercialization and which do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste or nuclear fission, financing of energy efficiency projects, **[**and**]** projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure, **[**and**]** any related storage, distribution, manufacturing technologies or facilities and any Class I renewable energy source, as defined in section 16-1.

(b) On and after July 1, 2004, the Public Utilities Regulatory Authority shall assess or cause to be assessed a charge of not less than one mill per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited into the Clean Energy Fund established under subsection (c) of this section. Notwithstanding the provisions of this section, receipts from such charges shall be disbursed to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005, unless the authority shall, on or before October 30, 2003, issue a financing order for each affected distribution company in accordance with sections 16-245e to 16-245k, inclusive, to sustain funding of renewable energy investment programs by

substituting an equivalent amount, as determined by the authority in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005. The authority may authorize in such financing order the issuance of rate reduction bonds that substitute for disbursement to the General Fund for receipts of both charges under this subsection and subsection (a) of section 16-245m and also may in its discretion authorize the issuance of rate reduction bonds under this subsection and subsection (a) of section 16-245m that relate to more than one electric distribution company. The authority shall, in such financing order or other appropriate order, offset any increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such rate reduction bonds by making an equivalent reduction to the charges imposed under this subsection, provided any failure to offset all or any portion of such increase in the competitive transition assessment shall not affect the need to implement the full amount of such increase as required by this subsection and sections 16-245e to 16-245k, inclusive. Such financing order shall also provide if the rate reduction bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for renewable resource investment through deposits into the Clean Energy Fund, provided such expenditures were approved by the authority following August 20, 2003, and prior to the date of determination that the rate reduction bonds cannot be issued, shall be recovered by the companies from their respective competitive transition assessment or systems benefits charge, except that such expenditures shall not exceed one million dollars per month. All receipts from the remaining charges imposed under this subsection, after reduction of such charges to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Clean Energy Fund commencing as of July 1, 2003. Any increase in the competitive transition assessment or decrease in the renewable energy investment component of an electric distribution company's rates resulting from the issuance of or obligations under rate reduction bonds shall be

included as rate adjustments on customer bills.

(c) There is hereby created a Clean Energy Fund which shall be within the Clean Energy Finance and Investment Authority. The fund may receive any amount required by law to be deposited into the fund and may receive any federal funds as may become available to the state for clean energy investments. Upon authorization of the Clean Energy Finance and Investment Authority established pursuant to subsection (d) of this section, any amount in said fund may be used for expenditures that promote investment in clean energy in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand for clean energy and deployment of clean energy sources that serve end use customers in this state and for the further purpose of supporting operational demonstration projects for advanced technologies that reduce energy use from traditional sources. Such expenditures may include, but not be limited to, providing low-cost financing and credit enhancement mechanisms for clean energy projects and technologies, reimbursement of the operating expenses, including administrative expenses incurred by the **[**authority**]** Clean Energy Finance and Investment Authority and **[**the corporation**]** Connecticut Innovations, Incorporated, and capital costs incurred by the **[**authority**]** Clean Energy Finance and Investment Authority in connection with the operation of the fund, the implementation of the plan developed pursuant to subsection (d) of this section or the other permitted activities of the **[**authority**]** Clean Energy Finance and Investment Authority, disbursements from the fund to develop and carry out the plan developed pursuant to subsection (d) of this section, grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of clean energy technologies, and actions which expand the expertise of individuals, businesses and lending institutions with regard to clean energy technologies.

(d) (1) (A) There is established the Clean Energy Finance and

Investment Authority, which shall be **[**deemed a quasi-public agency for purposes of chapters 5, 10 and 12 and**]** within Connecticut Innovations, Incorporated, for administrative purposes only. The Clean Energy Finance and Investment Authority is hereby established and created as a body politic and corporate, constituting a public instrumentality and political subdivision of the state of Connecticut established and created for the performance of an essential public and governmental function. The Clean Energy Finance and Investment Authority shall not be construed to be a department, institution or agency of the state.

(B) The **[**authority**]** Clean Energy Finance and Investment Authority shall **[**(A)**]** (i) develop separate programs to finance and otherwise support clean energy investment in residential, municipal, small business and larger commercial projects and such others as the **[**authority**]** Clean Energy Finance and Investment Authority may determine; **[**(B)**]** (ii) support financing or other expenditures that promote investment in clean energy sources in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources and related enterprises; and **[**(C)**]** (iii) stimulate demand for clean energy and the deployment of clean energy sources within the state that serve end-use customers in the state.

[Said authority**]** (C) The Clean Energy Finance and Investment Authority shall constitute a successor agency to **[**the corporation**]** Connecticut Innovations, Incorporated for the purposes of **[**administrating**]** administering the Clean Energy Fund in accordance with section 4-38d. **[**Said authority**]** The Clean Energy Finance and Investment Authority shall have all the privileges, immunities, tax exemptions and other exemptions of the **[**corporation. Said authority**]** Connecticut Innovations, Incorporated with respect to said fund. The Clean Energy Finance and Investment Authority shall be subject to suit and liability solely from the assets, revenues and resources of **[**the**]** said authority and without recourse to the general funds, revenues, resources or other assets of **[**the corporation. Said authority**]**

Connecticut Innovations, Incorporated. The Clean Energy Finance and Investment Authority may provide financial assistance in the form of grants, loans, loan guarantees or debt and equity investments, as approved in accordance with written procedures adopted pursuant to section 1-121. The Clean Energy Finance and Investment Authority may assume or take title to any real property, convey or dispose of its assets and pledge its revenues to secure any borrowing, convey or dispose of its assets and pledge its revenues to secure any borrowing, for the purpose of developing, acquiring, constructing, refinancing, rehabilitating or improving its assets or supporting its programs, provided each such borrowing or mortgage, unless otherwise provided by the board or [the] said authority, shall be a special obligation of [the] said authority, which obligation may be in the form of bonds, bond anticipation notes or other obligations which evidence an indebtedness to the extent permitted under this chapter to fund, refinance and refund the same and provide for the rights of holders thereof, and to secure the same by pledge of revenues, notes and mortgages of others, and which shall be payable solely from the assets, revenues and other resources of [the] said authority and [in no event shall] such bonds may be secured by a special capital reserve fund [of any kind which is in any way] contributed to by the state. The [authority] Clean Energy Finance and Investment Authority shall have the purposes as provided by resolution of [the] said authority's board of directors, which purposes shall be consistent with this section. No further action is required for the establishment of the [authority] Clean Energy Finance and Investment Authority, except the adoption of a resolution for [the] said authority.

(2) (A) The [authority] Clean Energy Finance and Investment Authority may seek to qualify as a Community Development Financial Institution under Section 4702 of the United States Code. If approved as a Community Development Financial Institution, [the] said authority would be treated as a qualified community development entity for purposes of Section 45D and Section 1400N(m) of the Internal Revenue Code.

(B) Before making any loan, loan guarantee, or such other form of financing support or risk management for a clean energy project, the **[**authority**]** Clean Energy Finance and Investment Authority shall develop standards to govern the administration of **[**the**]** said authority through rules, policies and procedures that specify borrower eligibility, terms and conditions of support, and other relevant criteria, standards or procedures.

(C) Funding sources specifically authorized include, but are not limited to:

(i) Funds repurposed from existing programs providing financing support for clean energy projects, provided any transfer of funds from such existing programs shall be subject to approval by the General Assembly and shall be used for expenses of financing, grants and loans;

(ii) Any federal funds that can be used for the purposes specified in subsection (c) of this section;

(iii) Charitable gifts, grants, contributions as well as loans from individuals, corporations, university endowments and philanthropic foundations;

(iv) Earnings and interest derived from financing support activities for clean energy projects backed by the **[**authority**]** Clean Energy Finance and Investment Authority;

(v) If and to the extent that the **[**authority**]** Clean Energy Finance and Investment Authority qualifies as a Community Development Financial Institution under Section 4702 of the United States Code, funding from the Community Development Financial Institution Fund administered by the United States Department of Treasury, as well as loans from and investments by depository institutions seeking to comply with their obligations under the United States Community Reinvestment Act of 1977; and

(vi) The [authority] Clean Energy Finance and Investment Authority may enter into contracts with private sources to raise capital. The average rate of return on such debt or equity shall be set by the [authority's] board of directors of said authority.

(D) The [authority] Clean Energy Finance and Investment Authority may provide financing support under this subsection if [the] said authority determines that the amount to be financed by [the] said authority and other nonequity financing sources do not exceed eighty per cent of the cost to develop and deploy a clean energy project or up to one hundred per cent of the cost of financing an energy efficiency project.

(E) The [authority] Clean Energy Finance and Investment Authority may assess reasonable fees on its financing activities to cover its reasonable costs and expenses, as determined by the board.

(F) The [authority] Clean Energy Finance and Investment Authority shall make information regarding the rates, terms and conditions for all of its financing support transactions available to the public for inspection, including formal annual reviews by both a private auditor conducted pursuant to subdivision (2) of subsection (f) of this section and the Comptroller, and providing details to the public on the Internet, provided public disclosure shall be restricted for patentable ideas, trade secrets, proprietary or confidential commercial or financial information, disclosure of which may cause commercial harm to a nongovernmental recipient of such financing support and for other information exempt from public records disclosure pursuant to section 1-210.

(3) No director, officer, employee or agent of the [authority] Clean Energy Finance and Investment Authority, while acting within the scope of his or her authority, shall be subject to any personal liability resulting from exercising or carrying out any of the [authority's] Clean Energy Finance and Investment Authority's purposes or powers.

(e) The powers of the Clean Energy Finance and Investment

Authority shall be vested in and exercised by a board of directors, which shall consist of eleven voting and two nonvoting members each with knowledge and expertise in matters related to the purpose and activities of **[**the**]** said authority appointed as follows: The Treasurer or the Treasurer's designee, the Commissioner of Energy and Environmental Protection or the commissioner's designee and the Commissioner of Economic and Community Development or the commissioner's designee, each serving ex officio, one member who shall represent a residential or low-income group appointed by the speaker of the House of Representatives for a term of four years, one member who shall have experience in investment fund management appointed by the minority leader of the House of Representatives for a term of three years, one member who shall represent an environmental organization appointed by the president pro tempore of the Senate for a term of four years, and one member who shall have experience in the finance or deployment of renewable energy appointed by the minority leader of the Senate for a term of four years. Thereafter, such members of the General Assembly shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The Governor shall appoint four members to the board as follows: Two for two years who shall have experience in the finance of renewable energy; one for four years who shall be a representative of a labor organization; and one who shall have experience in research and development or manufacturing of clean energy. Thereafter, the Governor shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The president of the **[**authority**]** Clean Energy Finance and Investment Authority shall be elected by the members of the board. The president of the Clean Energy Finance and Investment Authority and a member of the board of Connecticut Innovations, Incorporated, appointed by the chairperson of the corporation shall serve on the board in an ex-officio, nonvoting capacity. The Governor shall appoint the

chairperson of the board. The board shall elect from its members a vice chairperson and such other officers as it deems necessary and shall adopt such bylaws and procedures it deems necessary to carry out its functions. The board may establish committees and subcommittees as necessary to conduct its business.

(f) (1) The board shall issue annually a report to the Department of Energy and Environmental Protection reviewing the activities of the Clean Energy Finance and Investment Authority in detail and shall provide a copy of such report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and commerce. The report shall include a description of the programs and activities undertaken during the reporting period jointly or in collaboration with the Energy Conservation and Load Management Funds established pursuant to section 16-245m, as amended by this act.

(2) The Clean Energy Fund shall be audited annually. Such audits shall be conducted with generally accepted auditing standards by independent certified public accountants certified by the State Board of Accountancy. Such accountants may be the accountants for the **[**corporation**]** Clean Energy Finance and Investment Authority.

(3) Any entity that receives financing for a clean energy project from the fund shall provide the board an annual statement, certified as correct by the chief financial officer of the recipient of such financing, setting forth all sources and uses of funds in such detail as may be required by the authority of such project. The **[**authority**]** Clean Energy Finance and Investment Authority shall maintain any such audits for not less than five years. Residential projects for buildings with one to four dwelling units are exempt from this and any other annual auditing requirements, except that residential projects may be required to grant their utility companies' permission to release their usage data to the **[**authority**]** Clean Energy Finance and Investment Authority.

(g) There shall be a joint committee of the Energy Conservation Management Board and the Clean Energy Finance and Investment Authority board of directors, as provided in subdivision (2) of subsection (d) of section 16-245m, as amended by this act.

Sec. 30. Section 103 of public act 11-80 is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Clean Energy Finance and Investment Authority shall on or before March 1, 2012, establish a three-year pilot program to promote the development of new combined heat and power projects in Connecticut that are below **[**two**]** five megawatts in capacity size. The program established pursuant to this section shall not exceed fifty megawatts. The Clean Energy Finance and Investment Authority shall examine the appropriate assistance to provide to each approved project. The **[**authority**]** Clean Energy Finance and Investment Authority shall set one or more standardized grant amounts, loan amounts and power purchase agreements for such projects to limit the administrative burden of project approvals for the authority and the project proponent, including, but not limited to, a per kilowatt cost of up to **[**three**]** four hundred fifty dollars. Such standardized provisions shall seek to minimize costs for the general class of ratepayers, ensuring that the project developer has a significant share of the financial burden and risk, while ensuring the development of projects that benefit Connecticut's economy, ratepayers, and environment. The **[**authority**]** Clean Energy Finance and Investment Authority may in its discretion decline to support a proposed project if the benefits of such project to Connecticut's ratepayers, economy and environment, including emissions reductions, are too meager to justify ratepayer or taxpayer investment.

(b) The Clean Energy Finance and Investment Authority shall establish a three-year pilot program to support through loans, grants or power purchase agreements sustainable practices and economic prosperity of Connecticut farms and other businesses by using organic waste with on-site anaerobic digestion facilities to generate electricity

and heat. As part of the pilot program, **[**the**]** said authority may approve no more than five projects, each of which shall have a maximum size of **[**one thousand five hundred kilowatts**]** three megawatts at a cost of four hundred fifty dollars per kilowatt.

(c) On or before January 1, 2016, the **[**authority**]** Clean Energy Finance and Investment Authority shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the program established pursuant to this section and whether such program should continue.

(d) The Clean Energy Finance and Investment Authority shall allocate four million dollars annually from the Clean Energy Fund, provided two million dollars shall be allocated for combined heat and power projects and two million dollars shall be allocated for anaerobic digestion projects.

Sec. 31. Subsection (b) of section 16-244r of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) Solicitations conducted by the electric distribution company shall be for the purchase of renewable energy credits produced by eligible customer-sited generating projects over the duration of the long-term contract. For purposes of this section, a long-term contract is a contract for fifteen years. The electric distribution company shall be entitled to recover the reasonable costs and fees prudently incurred in connection with soliciting and filing long-term contracts with the authority pursuant to this section through a reconciling, nonbypassable component of electric rates as determined by the authority, until such company's next scheduled rate case.

Sec. 32. Section 16-244s of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) To procure the long-term contracts described in section 16-244r, as amended by this act, each electric distribution company shall, not later than one hundred eighty days after July 1, 2011, propose a six-year solicitation plan that shall include (1) a timetable and methodology for soliciting proposals for the long-term purchase of renewable energy credits from in-state generators of Class I technologies that emit no pollutants and are not more than one megawatt in size, and (2) declining annual incentives during each of the six years of the program. The electric distribution company's solicitation plan shall be subject to the review and approval of the Public Utilities Regulatory Authority.

(b) The electric distribution company's approved solicitation plan shall be designed to foster a diversity of project sizes and participation among all eligible customer classes subject to cost-effectiveness considerations. Separate procurement processes shall be conducted for (1) systems up to one hundred kilowatts; (2) systems greater than one hundred kilowatts but less than two hundred fifty kilowatts; and (3) systems between two hundred fifty and one thousand kilowatts. The Public Utilities Regulatory Authority shall give preference to competitive bidding for resources of more than one hundred kilowatts, with bids ranked in order on the basis of lowest net present value of required renewable energy credit price, unless the authority determines that an alternative methodology is in the best interests of the electric distribution company's customers and the development of a competitive and self-sustaining market. Systems up to one hundred kilowatts in size shall be eligible to receive, on an ongoing and continuous basis, a renewable energy credit offer price equivalent to the weighted average accepted bid price in the most recent solicitation for systems greater than one hundred kilowatts but less than two hundred fifty kilowatts, plus an additional incentive of ten per cent. The electric distribution company shall be entitled to recover the reasonable costs and fees prudently incurred in connection with the preparation of a solicitation plan pursuant to this section through a reconciling, nonbypassable component of electric rates as determined

by the authority.

(c) Each electric distribution company shall execute its approved six-year solicitation plan and submit to the Public Utilities Regulatory Authority for review and approval of its preferred procurement plan comprised of any proposed contract or contracts with independent developers. If an electric distribution company's solicitation does not result in proposed contracts totaling the annual expenditure pursuant to subsection (a) of section 16-244r and the Public Utilities Regulatory Authority has reduced the cap price by more than three per cent pursuant to subsection (c) of section 16-244r, the authority shall, within ninety days, issue a request for proposals for additional contracts. The authority shall approve contract proposals submitted in response to such request on a least-cost basis, provided an electric distribution company shall not be required to enter into a contract that provides for a payment in any year of the contract that exceeds the renewable energy price cap for the prior year, **[**by**]** less **[**than**]** three per cent.

(d) The Public Utilities Regulatory Authority shall hold a hearing that shall be conducted as an uncontested case, in accordance with the provisions of chapter 54, to approve, reject or modify an **[**application for approval of the**]** electric distribution company's procurement plan. The authority shall only **[**approve such proposed plan**]** issue an approval for a plan or modification of a plan if the authority finds that (1) the solicitation and evaluation conducted by the electric distribution company was the result of a fair, open, competitive and transparent process; (2) approval of the procurement plan would result in the greatest expected ratepayer value from energy from Class I or renewable energy credits at the lowest reasonable cost; and (3) such procurement plan or any modification satisfies other criteria established in the approved solicitation plan. The authority shall not approve any proposal made under such plan unless it determines that the plan and proposals encompass all foreseeable sources of revenue or benefits and that such proposals, together with such revenue or benefits, would result in the greatest expected ratepayer value from energy technologies that emit no pollutants or renewable energy

credits. The authority may, in its discretion, retain the services of an independent consultant with expertise in the area of energy procurement to assist in such determination. The independent consultant shall be unaffiliated with the electric distribution company or its affiliates and shall not, directly or indirectly, have benefited from employment or contracts with the electric distribution company or its affiliates in the preceding five years, except as an independent consultant. The electric distribution company shall provide the independent consultant immediate and continuing access to all documents and data reviewed, used or produced by the electric distribution company in its bid solicitation and evaluation process. The electric distribution company shall make all its personnel, agents and contractors used in the bid solicitation and evaluation available for interview by the consultant. The electric distribution company shall conduct any additional modeling requested by the independent consultant to test the assumptions and results of the bid evaluation process. The independent consultant shall not participate in or advise the electric distribution company with respect to any decisions in the bid solicitation or bid evaluation process. The authority's administrative costs in reviewing the electric distribution company's procurement plan and the costs of the consultant shall be recovered through a reconciling, nonbypassable component of electric rates as determined by the authority.

(e) The electric distribution company shall be entitled to recover its reasonable costs and fees prudently incurred of complying with its approved procurement plan through a reconciling, nonbypassable component of electric rates as determined by the authority. Nothing in this section shall preclude the resale or other disposition of energy or associated renewable energy credits purchased by the electric distribution company, provided the distribution company shall net the cost of payments made to projects under the long-term contracts against the proceeds of the sale of energy or renewable energy credits and the difference shall be credited or charged to distribution customers through a reconciling component of electric rates as

determined by the authority that is nonbypassable when switching electric suppliers.

(f) Failure by the electric distribution company to execute its approved solicitation plan shall result in a noncompliance fee. Unless, upon petition by the electric distribution company, the authority grants the distribution company an extension not to exceed ninety days to correct this deficiency, the electric distribution company shall be assessed a noncompliance fee one hundred twenty-five per cent of the difference between the annual distribution company expenditures required pursuant to subsection (c) of section 16-244r and the contractually committed expenditure for renewable energy credits from eligible zero emissions customer-sited generating projects in that year. The noncompliance fees associated with the procurement shortfall shall be collected by the distribution company, maintained in a separate interest-bearing account and disbursed to the **[**department**]** authority on a quarterly basis. Funds collected by the authority pursuant to this section shall be used to support the deployment of Class I zero emissions generating systems installed in the state with priority given to otherwise underserved market segments, including, but not limited to, low-income housing, schools and other public buildings and nonprofits. The authority may waive a noncompliance fee assessed pursuant to this section if the authority determines that meeting the requirements of this subsection would be commercially infeasible.

(g) Not later than sixty days after its approval of the distribution company procurement plans submitted on or before January 1, 2013, the Public Utilities Regulatory Authority shall submit a report to the joint standing committee of the General Assembly having cognizance of matters relating to energy. The report shall document for each distribution company procurement plan: (1) The total number of renewable energy credits bid relative to the number of renewable energy credits requested by the distribution company; (2) the total number of bidders in each market segment; (3) the number and value of contracts awarded; (4) the total weighted average price of the

renewable energy credits or energy so purchased; and (5) the extent to which the costs of the technology has been reduced. The authority shall not report individual bid information or other proprietary information.

Sec. 33. Subsection (b) of section 16-244t of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) Solicitations conducted by the electric distribution company shall be for the purchase of renewable energy credits produced by eligible customer-sited generating projects over the duration of the contract. The electric distribution company shall be entitled to recover the reasonable costs and fees prudently incurred in connection with soliciting and filing power purchase contracts with the authority pursuant to this section through a reconciling, nonbypassable component of electric rates as determined by the authority, until such company's next scheduled rate case.

Sec. 34. Section 16a-37u of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Commissioner of Energy and Environmental Protection shall be responsible for planning and managing energy use in state-owned and leased buildings and shall establish a program to maximize the efficiency with which energy is utilized in such buildings. The commissioner shall exercise this authority by (1) preparing and implementing annual and long-range plans, with timetables, establishing goals for reducing state energy consumption and, based on energy audits, specific objectives for state agencies to meet the performance standards adopted under section 16a-38; (2) coordinating federal and state energy conservation resources and activities, including but not limited to, those required to be performed by other state agencies under this chapter; and (3) monitoring energy use and costs by budgeted state agencies on a monthly basis.

(b) On or before July 1, 2012, the commissioner, in consultation with the Department of Administrative Services, shall develop a plan to reduce energy use in buildings owned or leased by the state by January 1, 2013, by at least ten per cent from its current consumption and by January 1, 2018, by an additional ten per cent. Such plan shall include, but not be limited to, (1) assessing current energy consumption for all fuels used in state-owned buildings, (2) identifying not less than one hundred such buildings with the highest aggregate energy costs in the fiscal year ending June 30, 2011, (3) establishing targets for conducting energy audits of such buildings, and (4) determining which energy efficiency measures are most cost-effective for such buildings. Such plan shall provide for the financing of such measures through the use of energy-savings performance contracting, pursuant to subsection (c) of this section, bonding or other means.

(c) Any state agency or municipality may enter into an energy-savings performance contract, as defined in section 16a-37x, with a qualified energy service provider, as defined in said section 16a-37x, to produce utility cost savings, as defined in said section 16a-37x, or operation and maintenance cost savings, as defined in said section 16a-37x. Any energy-savings measure, as defined in said section 16a-37x, implemented under such contracts shall comply with state **[**or local**]** building codes and local building requirements. Any state agency or municipality may implement other capital improvements in conjunction with an energy-savings performance contract as long as the measures that are being implemented to achieve utility and operation and maintenance cost savings and other capital improvements are in the aggregate cost effective over the term of the contract.

(d) On or before January 1, 2013, and annually thereafter, the commissioner shall report, in accordance with the provisions of section 11-4a, on the status of its implementation of the plan and provide recommendations regarding energy use in state buildings to the joint standing committee of the General Assembly having cognizance of

matters relating to energy. Any such report may be submitted electronically, provided one paper copy of such report is submitted to said committee.

(e) Not later than January fifth, annually, the commissioner shall submit a report to the Governor and the joint standing committee of the General Assembly having cognizance of matters relating to energy planning and activities. The report shall (1) indicate the total number of energy audits and technical assistance audits of state-owned and leased buildings, (2) summarize the status of the energy conservation measures recommended by such audits, (3) summarize all energy conservation measures implemented during the preceding twelve months in state-owned and leased buildings which have not had such audits, (4) analyze the availability and allocation of funds to implement the measures recommended under subdivision (2) of this subsection, (5) list each budgeted agency, as defined in section 4-69, which occupies a state-owned or leased building and has not cooperated with the Commissioner of Administrative Services and the Commissioner of Energy and Environmental Protection in conducting energy and technical assistance audits of such building and implementing operational and maintenance improvements recommended by such audits and any other energy conservation measures required for such building by the **[**secretary**]** Commissioner of Energy and Environmental Protection, in consultation with the Secretary of the Office of Policy and Management, (6) summarize all life-cycle cost analyses prepared under section 16a-38 during the preceding twelve months, and summarize agency compliance with the life-cycle cost analyses, and (7) identify any state laws, regulations or procedures that impede innovative energy conservation and load management projects in state buildings. Any such report may be submitted electronically.

(f) The commissioner, in conjunction with the Department of Administrative Services, shall as soon as practicable and where cost-effective connect all state-owned buildings to a district heating and cooling system, where such heating and cooling system currently

exists or where one is proposed. The commissioner, in conjunction with the Department of Administrative Services, shall prepare an annual report with the results of the progress in connecting state-owned buildings to such a heating and cooling system, the cost of such connection and any projected energy savings achieved through any such connection. The commissioner shall submit the report to the joint standing committee of the General Assembly having cognizance of matters relating to energy on or before January 1, 1993, and January first annually thereafter.

(g) The commissioner shall require each state agency to maximize its use of public service companies' energy conservation and load management programs and to provide sites in its facilities for demonstration projects of highly energy efficient equipment, provided no such demonstration project impairs the functioning of the facility.

(h) The commissioner, in consultation with the Department of Administrative Services, shall establish energy efficiency standards for building space leased by the state on or after January 1, 2013.

Sec. 35. Subsection (a) of section 16-244v of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Notwithstanding subsection (a) of section 16-244e, an electric distribution company, or owner or developer of generation projects, **[**that emit no pollutants,**]** may submit a proposal to the Department of Energy and Environmental Protection to build, own or operate one or more generation facilities up to an aggregate of thirty megawatts using Class I renewable energy sources as defined in section 16-1 from July 1, 2011, to July 1, 2013. Each facility shall be greater than **[**one megawatt**]** four hundred kilowatts but not more than five megawatts. Each electric distribution company may enter into joint ownership agreements, partnerships or other agreements with private developers to carry out the provisions of this section. The aggregate ownership for an electric distribution company pursuant to this section shall not

exceed ten megawatts. The department shall evaluate such proposals pursuant to sections 16-19 and 16-19e, as amended by this act, and may approve one or more of such proposals if it finds that the proposal serves the long-term interest of ratepayers. The department (1) shall not approve any proposal supported in any form of cross subsidization by entities affiliated with the electric distribution company, and (2) shall give preference to proposals that make efficient use of existing sites and supply infrastructure. No such company may, under any circumstances, recover more than the full costs identified in a proposal, as approved by the department. Nothing in this section shall preclude the resale or other disposition of energy or associated renewable energy credits purchased by the electric distribution company, provided the distribution company shall net the cost of payments made to projects under the long-term contracts against the proceeds of the sale of energy or renewable energy credits and the difference shall be credited or charged to distribution customers through a reconciling component of electric rates as determined by the authority that is nonbypassable when switching electric suppliers.

Sec. 36. Section 16a-46h of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Each electric, gas or heating fuel customer, regardless of heating source, shall be assessed **[**the same**]** fees, charges, co-pays or other similar terms to access any audits administered by the Home Energy Solutions program **[**, provided the costs of subsidizing such audits to ratepayers whose primary source of heat is not electricity or natural gas shall not exceed five hundred thousand dollars per year**]** that reflect the contributions made to the Energy Efficiency Fund by each such customer's respective customer type, provided such fees, charges, copays and other similar terms shall not exceed a total of ninety-nine dollars for any such audit.

(b) After August 1, 2013, the costs of subsidizing such audits to ratepayers whose primary source of heat is not electricity or natural

gas shall not exceed five hundred thousand dollars per year.

Sec. 37. Section 16a-46i of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

On or before October 1, 2011, the Department of Energy and Environmental Protection shall establish a natural gas and heating oil conversion program to allow a gas or heating oil company to finance the conversion to gas heat or home heating oil by potential residential customers who heat their homes with electricity. The **[**department**]** Commissioner of Energy and Environmental Protection shall**,** **[**adopt regulations in accordance with the provisions of chapter 54 to establish procedures and terms for such program and shall,**]** on or before January 1, 2012, and annually thereafter, report in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment regarding the progress of such program. Any such report may be submitted electronically, provided one paper copy of such report is submitted to said committee.

Sec. 38. Section 12-217mm of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section:

(1) "Allowable costs" means the amounts chargeable to a capital account, including, but not limited to: (A) Construction or rehabilitation costs; (B) commissioning costs; (C) architectural and engineering fees allocable to construction or rehabilitation, including energy modeling; (D) site costs, such as temporary electric wiring, scaffolding, demolition costs and fencing and security facilities; and (E) costs of carpeting, partitions, walls and wall coverings, ceilings, lighting, plumbing, electrical wiring, mechanical, heating, cooling and ventilation but "allowable costs" does not include the purchase of land, any remediation costs or the cost of telephone systems or computers;

(2) "Brownfield" has the same meaning as in subsection (g) of section 32-9cc;

(3) "Eligible project" means a real estate development project that is designed to meet or exceed the applicable LEED Green Building Rating System gold certification or other certification determined by the Commissioner of Energy and Environmental Protection to be equivalent, but if a single project has more than one building, "eligible project" means only the building or buildings within such project that is designed to meet or exceed the applicable LEED Green Building Rating System gold certification or other certification determined by the Commissioner of Energy and Environmental Protection to be equivalent;

(4) "Energy Star" means the voluntary labeling program administered by the United States Environmental Protection Agency designed to identify and promote energy-efficient products, equipment and buildings;

(5) "Enterprise zone" means an area in a municipality designated by the Commissioner of Economic and Community Development as an enterprise zone in accordance with the provisions of section 32-70;

(6) "LEED Accredited Professional Program" means the professional accreditation program for architects, engineers and other building professionals as administered by the United States Green Building Council;

(7) "LEED Green Building Rating System" means the Leadership in Energy and Environmental Design green building rating system developed by the United States Green Building Council as of the date that the project is registered with the United States Green Building Council;

(8) "Mixed-use development" means a development consisting of one or more buildings that includes residential use and in which no more than seventy-five per cent of the interior square footage has at

least one of the following uses: (A) Commercial use; (B) office use; (C) retail use; or (D) any other nonresidential use that the **[**Secretary of the Office of Policy and Management**]** Commissioner of Energy and Environmental Protection determines does not pose a public health threat or nuisance to nearby residential areas;

(9) "Secretary" means the Secretary of the Office of Policy and Management; **[**and**]**

(10) "Site improvements" means any construction work on, or improvement to, streets, roads, parking facilities, sidewalks, drainage structures and utilities; and

(11) "Commissioner" means the Commissioner of Energy and Environmental Protection.

(b) For income years commencing on and after January 1, 2012, there may be allowed a credit for all taxpayers against any tax due under the provisions of this chapter for the construction or renovation of an eligible project that meets the requirements of subsection (c) of this section, and, in the case of a newly constructed building, for which a certificate of occupancy has been issued not earlier than January 1, 2010.

(c) (1) To be eligible for a tax credit under this section a project shall: (A) Not have energy use that exceeds (i) seventy per cent of the energy use permitted by the state building code for new construction, or (ii) eighty per cent of the energy use permitted by the state energy code for renovation or rehabilitation of a building; and (B) use equipment and appliances that meet Energy Star standards, if applicable, including, but not limited to, refrigerators, dishwashers and washing machines.

(2) The credit shall be equivalent to a base credit as follows: (A) For new construction or major renovation of a building but not other site improvements certified by the LEED Green Building Rating System or other system determined by the Commissioner of Energy and

Environmental Protection to be equivalent, (i) eight per cent of allowable costs for a gold rating or other rating determined by the Commissioner of Energy and Environmental Protection to be equivalent, and (ii) ten and one-half per cent of allowable costs for a platinum rating or other rating determined by the Commissioner of Energy and Environmental Protection to be equivalent; and (B) for core and shell or commercial interior projects, (i) five per cent of allowable costs for a gold rating or other rating determined by the Commissioner of Energy and Environmental Protection to be equivalent, and (ii) seven per cent of allowable costs for a platinum rating or other rating determined by the Commissioner of Energy and Environmental Protection to be equivalent. There shall be added to the base credit one-half of one per cent of allowable costs for a development project that is (I) a mixed-use development, (II) located in a brownfield or enterprise zone, (III) does not require a sewer extension of more than one-eighth of a mile, or (IV) located within one-quarter of a mile walking distance of publicly available bus transit service or within one-half of a mile walking distance of adequate rail, light rail, streetcar or ferry transit service, provided, if a single project has more than one building, at least one building shall be located within either such distance. Allowable costs shall not exceed two hundred fifty dollars per square foot for new construction or one hundred fifty dollars per square foot for renovation or rehabilitation of a building.

(d) (1) The **[**Secretary of the Office of Policy and Management may**]** commissioner shall, in consultation with the Secretary of the Office of Policy and Management, issue an initial credit voucher upon determination that the applicant is likely, within a reasonable time, to place in service property qualifying for a credit under this section. Such voucher shall state: (A) The first income year for which the credit may be claimed, (B) the maximum amount of credit allowable, and (C) the expiration date by which such property shall be placed in service. The expiration date may be extended at the discretion of the **[**secretary**]** commissioner. Such voucher shall reserve the credit allowable for the applicant named in the application until the expiration date. If the

expiration date is extended, the reservation of the tax credit may also be extended at the discretion of the **[**secretary**]** commissioner.

(2) The aggregate amount of all tax credits in initial credit vouchers issued by the **[**secretary**]** commissioner shall not exceed twenty-five million dollars.

(3) For each income year for which a taxpayer claims a credit under this section, the taxpayer shall obtain an eligibility certificate from an architect or professional engineer licensed to practice in this state and accredited through the LEED Accredited Professional Program or other program determined by the Commissioner of Energy and Environmental Protection to be equivalent. Such certificate shall consist of a certification, under the seal of such architect or engineer, that the building, base building or tenant space with respect to which the credit is claimed, meets or exceeds the applicable LEED Green Building Rating System gold certification, or other certification determined by the Commissioner of Energy and Environmental Protection to be equivalent in effect at the time such certification is made. Such certification shall set forth the specific findings upon which the certification is based and shall state that the architect or engineer is accredited through the LEED Accredited Professional Program or other program determined by the Commissioner of Energy and Environmental Protection to be equivalent.

(4) To obtain the credit, the taxpayer shall file the initial credit voucher described in subdivision (1) of this subsection, the eligibility certificate described in subdivision (3) of this subsection and an application to claim the credit with the Commissioner of Revenue Services. The **[**commissioner**]** Commissioner of Revenue Services shall approve the claim upon determination that the taxpayer has submitted the voucher and certification required under this subdivision. The applicant shall send a copy of all such documents to the **[**secretary**]** Commissioner of Energy and Environmental Protection.

(e) (1) A taxpayer may claim not more than a total of twenty-five per

cent of allowable costs in any income year, and any percentage of tax credit that the taxpayer would otherwise be entitled to in accordance with subsection (c) of this section may be carried forward for a period of not more than five years.

(2) Tax credits are fully assignable and transferable. A project owner, including, but not limited to, a nonprofit or institutional project organization, may transfer a tax credit to a pass-through partner in return for a lump sum cash payment.

(f) Notwithstanding any provision of the general statutes, any subsequent successor in interest to the property that is eligible for a credit in accordance with subsection (c) of this section may claim such credit if the deed transferring the property assigns the subsequent successor such right, unless the deed specifies that the seller shall retain the right to claim such credit. Any subsequent tenant of a building for which a credit was granted to a taxpayer pursuant to this section may claim the credit for the period after the termination of the previous tenancy that such credit would have been allowable to the previous tenant.

(g) The **[**Secretary of the Office of Policy and Management**]** commissioner shall establish a uniform application fee, in an amount not to exceed ten thousand dollars, which shall cover all direct costs of administering the tax credit program established pursuant to this section. Said **[**secretary**]** commissioner may hire a private consultant or outside firm to administer and review applications for said program.

(h) On or before July 1, 2013, the **[**secretary**]** commissioner, in consultation with the Commissioner of Revenue Services, shall prepare and submit to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to planning and development and finance, revenue and bonding, a written report containing (1) the number of taxpayers applying for the credits provided in this section; (2) the amount of such credits granted; (3) the geographical distribution of such credits granted; and (4) any other

information the **[**secretary**]** commissioner deems appropriate. A preliminary draft of the report shall be submitted on or before July 1, 2012, to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to planning and development and finance, revenue and bonding. Such reports shall be submitted in accordance with the provisions of section 11-4a.

[(i) Not later than January 1, 2011, the secretary, in consultation with the Commissioner of Revenue Services, shall adopt regulations, in accordance with the provisions of chapter 54, as necessary to implement the provisions of this section.**]**

Sec. 39. (NEW) (*Effective from passage*) To the extent that any provision of title 16 or 16a of the general statutes authorizes the Department of Energy and Environmental Protection to adopt regulations, the authority to adopt such regulations shall be exercised by the Commissioner of Energy and Environmental Protection or the commissioner's designee.

Sec. 40. (NEW) (*Effective from passage*) (a) As used in this section:

(1) "Energy improvements" means any renovation or retrofitting of qualifying commercial real property to reduce energy consumption or installation of a renewable energy system to service qualifying commercial real property, provided such renovation, retrofit or installation is permanently fixed to such qualifying commercial real property;

(2) "Qualifying commercial real property" means any commercial or industrial property, regardless of ownership, that meets the qualifications established for the commercial sustainable energy program;

(3) "Commercial or industrial property" means any real property other than a residential dwelling containing less than five dwelling units;

(4) "Benefitted property owner" means an owner of qualifying commercial real property who desires to install energy improvements and provides free and willing consent to the benefit assessment against the qualifying commercial real property;

(5) "Commercial sustainable energy program" means a program that facilitates energy improvements and utilizes the benefit assessments authorized by this section as security for the financing of the energy improvements;

(6) "Municipality" means a municipality, as defined in section 7-369 of the general statutes;

(7) "Benefit assessment" means the assessment authorized by this section;

(8) "Participating municipality" means a municipality that has entered into a written agreement, as approved by its legislative body, with the authority pursuant to which the municipality has agreed to assess, collect, remit and assign, benefit assessments to the authority in return for energy improvements for benefited property owners within such municipality and costs reasonably incurred in performing such duties; and

(9) "Authority" means the Clean Energy Finance and Investment Authority.

(b) (1) The authority shall establish a commercial sustainable energy program in the state, and in furtherance thereof, is authorized to make appropriations for and issue bonds, notes or other obligations for the purpose of financing, (A) energy improvements; (B) related energy audits; (C) renewable energy system feasibility studies; and (D) verification reports of the installation and effectiveness of such improvements. The bonds, notes or other obligations shall be issued in accordance with legislation authorizing the authority to issue bonds, notes or other obligations generally. Such bonds, notes or other obligations may be secured as to both principal and interest by a

pledge of revenues to be derived from the commercial sustainable energy program, including revenues from benefit assessments on qualifying commercial real property, as authorized in this section.

(2) When the authority has made appropriations for energy improvements for qualifying commercial real property or other costs of the commercial sustainable energy program, including interest costs and other costs related to the issuance of bonds, notes or other obligations to finance the appropriation, the authority may require the participating municipality in which the qualifying commercial real property is located to levy a benefit assessment against the qualifying commercial real property especially benefited thereby.

(3) The authority (A) shall develop program guidelines governing the terms and conditions under which state financing may be made available to the commercial sustainable energy program, including, in consultation with representatives from the banking industry, municipalities and property owners, developing the parameters for consent by existing mortgage holders and may serve as an aggregating entity for the purpose of securing state or private third-party financing for energy improvements pursuant to this section, (B) shall establish the position of commercial sustainable energy program liaison within the authority, (C) shall establish a loan loss reserve or other credit enhancement program for qualifying commercial real property, (D) may use the services of one or more private, public or quasi-public third-party administrators to administer, provide support or obtain financing for the commercial sustainable energy program, and (E) shall adopt standards to ensure that the energy cost savings of the energy improvements over the useful life of such improvements exceed the costs of such improvements.

(c) Before establishing a commercial sustainable energy program under this section, the authority shall provide notice to the electric distribution company, as defined in section 16-1 of the general statutes, that services the participating municipality.

(d) If a benefitted property owner requests financing from the authority for energy improvements under this section, the authority shall:

(1) Require performance of an energy audit or renewable energy system feasibility analysis on the qualifying commercial real property that assesses the expected energy cost savings of the energy improvements over the useful life of such improvements before approving such financing;

(2) If financing is approved, require the participating municipality to levy a benefit assessment on the qualifying commercial real property with the property owner in a principal amount sufficient to pay the costs of the energy improvements and any associated costs the authority determines will benefit the qualifying commercial real property;

(3) Impose requirements and criteria to ensure that the proposed energy improvements are consistent with the purpose of the commercial sustainable energy program;

(4) Impose requirements and conditions on the financing to ensure timely repayment, including, but not limited to, procedures for placing a lien on a property as security for the repayment of the benefit assessment; and

(5) Require that the property owner provide written notice, not less than thirty days prior to the recording of any lien securing a benefit assessment for energy improvements for such property, to any existing mortgage holder of such property, of the property owner's intent to finance such energy improvements pursuant to this section.

(e) (1) The authority may enter into a financing agreement with the property owner of qualifying commercial real property. After such agreement is entered into, and upon notice from the authority, the participating municipality shall place a caveat on the land records indicating that a benefit assessment and lien is anticipated upon

completion of energy improvements for such property.

(2) The authority shall disclose to the property owner the costs and risks associated with participating in the commercial sustainable energy program established by this section, including risks related to the failure of the property owner to pay the benefit assessment. The authority shall disclose to the property owner the effective interest rate of the benefit assessment, including fees charged by the authority to administer the program, and the risks associated with variable interest rate financing. The authority shall notify the property owner that such owner may rescind any financing agreement entered into pursuant to this section not later than three business days after such agreement.

(f) The authority shall set a fixed or variable rate of interest for the repayment of the benefit assessment amount at the time the benefit assessment is made. Such interest rate, as may be supplemented with state or federal funding as may become available, shall be sufficient to pay the financing and administrative costs of the commercial sustainable energy program, including delinquencies.

(g) Benefit assessments levied pursuant to this section and the interest, fees and any penalties thereon shall constitute a lien against the qualifying commercial real property on which they are made until they are paid. Such lien shall be levied and collected in the same manner as the property taxes of the participating municipality on real property, including, in the event of default or delinquency, with respect to any penalties, fees and remedies and lien priorities. Each such lien may be continued, recorded and released in the manner provided for property tax liens, subject to the consent of existing mortgage holders, and shall take precedence over all other liens or encumbrances except a lien for taxes of the municipality on real property, which lien for taxes shall have priority over such benefit assessment lien.

(h) Any participating municipality may assign to the authority any and all liens filed by the tax collector, as provided in the written

agreement between the participating municipality and the authority. The authority may sell or assign, for consideration, any and all liens received from the participating municipality. The consideration received by the authority shall be negotiated between the authority and the assignee. The assignee or assignees of such liens shall have and possess the same powers and rights at law or in equity as the authority and the participating municipality and its tax collector would have had if the lien had not been assigned with regard to the precedence and priority of such lien, the accrual of interest and the fees and expenses of collection. The assignee shall have the same rights to enforce such liens as any private party holding a lien on real property, including, but not limited to, foreclosure and a suit on the debt. Costs and reasonable attorneys' fees incurred by the assignee as a result of any foreclosure action or other legal proceeding brought pursuant to this section and directly related to the proceeding shall be taxed in any such proceeding against each person having title to any property subject to the proceedings. Such costs and fees may be collected by the assignee at any time after demand for payment has been made by the assignee.

Sec. 41. Subdivision (2) of subsection (a) of section 7-121n of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(2) "Qualifying real property" means a single-family or multifamily residential dwelling **[**or a nonresidential building**]** <u>containing less than five dwelling units</u>, regardless of ownership, that a municipality has determined can benefit from energy improvements;

Sec. 42. Subsection (h) of section 16-19b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*)*:*

(h) The Public Utilities Regulatory Authority shall continually monitor and oversee the application of the purchased gas adjustment clause, the energy adjustment clause, and the transmission rate

adjustment clause. The authority shall hold a public hearing thereon whenever the authority deems it necessary or upon application of the Consumer Counsel, but no less frequently than once every **[**six**]** twelve months, and undertake such other proceeding thereon to determine whether charges or credits made under such clauses reflect the actual prices paid for purchased gas or energy and the actual transmission costs and are computed in accordance with the applicable clause. If the authority finds that such charges or credits do not reflect the actual prices paid for purchased gas or energy, and the actual transmission costs or are not computed in accordance with the applicable clause, it shall recompute such charges or credits and shall direct the company to take such action as may be required to insure that such charges or credits properly reflect the actual prices paid for purchased gas or energy and the actual transmission costs and are computed in accordance with the applicable clause for the applicable period.

Sec. 43. Section 16-18a of the 2012 supplement to the general statutes is amended by adding subsection (c) as follows (*Effective July 1, 2012*):

(NEW) (c) For any proceeding before the Federal Energy Regulatory Commission, the United States Department of Energy, the United States Nuclear Regulatory Commission, the United States Securities and Exchange Commission, the Federal Trade Commission, the United States Department of Justice or the Federal Communications Commission, the authority, the Department of Energy and Environmental Protection and the Office of Consumer Counsel may retain consultants to assist their respective staffs in such proceeding by providing expertise in areas in which staff expertise does not currently exist or to supplement staff expertise. All reasonable and proper expenses of such expert consultants shall be borne by the public service companies, certified telecommunications providers, electric suppliers or gas registrants affected by the decisions of such proceeding and shall be paid at such times and in such manner as the authority directs, provided such expenses (1) shall be apportioned in proportion to the revenues of each affected entity as reported to the authority pursuant to section 16-49, as amended by this act, for the

most recent period, and (2) shall not exceed five hundred thousand dollars per proceeding, including any appeals thereof, in any calendar. The authority shall recognize all such expenses as proper business expenses of the affected entities for ratemaking purposes pursuant to section 16-19e, as amended by this act, if applicable.

Sec. 44. Subdivision (1) of subsection (c) of section 16-8a of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(c) (1) Not more than **[**thirty**]** ninety business days after receipt of a written complaint, in a form prescribed by the authority, by an employee alleging the employee's employer has retaliated against an employee in violation of subsection (a) of this section, the authority shall make a preliminary finding in accordance with this subsection.

Sec. 45. Subsection (b) of section 16-19kk of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(b) The authority shall complete, on or before December 31, 1991, an investigation into the relationship between a company's volume of sales and its earnings. The authority shall, on or before July 1, 1993, implement rate-making and other procedures and practices in order to encourage the implementation of conservation and load management programs and other programs authorized by the authority promoting the state's economic development, energy and other policy. Such procedures to implement a modification or elimination of any direct relationship between the volume of sales and the earnings of electric, gas, telephone and water companies may include the adoption of a sales adjustment clause pursuant to subsection **[**(i)**]** (j) of section 16-19b, or other adjustment clause similar thereto. The authority's investigation shall include a review of its regulations and policies to identify any existing disincentives to the development and implementation of cost effective conservation and load management programs and other programs promoting the state's economic

development, energy and other policy.

Sec. 46. (NEW) (*Effective July 1, 2012*) (a) The Clean Energy Finance and Investment Authority is authorized from time to time to issue its negotiable bonds for any corporate purpose. In anticipation of the sale of such bonds, the Clean Energy Finance and Investment Authority may issue negotiable bond anticipation notes and may renew the same from time to time. Such notes shall be paid from any revenues of said authority or other moneys available for such purposes and not otherwise pledged, or from the proceeds of sale of the bonds of said authority in anticipation of which they were issued. The notes shall be issued in the same manner as the bonds. Such notes and the resolution or resolutions authorizing the same may contain any provisions, conditions or limitations which a bond resolution of said authority may contain.

(b) Every issue of the bonds, notes or other obligations issued by the Clean Energy Finance and Investment Authority shall be special obligations of said authority payable from any revenues or moneys of said authority available for such purposes and not otherwise pledged, subject to any agreements with the holders of particular bonds, notes or other obligations pledging any particular revenues or moneys, and subject to any agreements with any individual, partnership, corporation or association or other body, public or private. Notwithstanding that such bonds, notes or other obligations may be payable from a special fund, they shall be deemed to be for all purposes negotiable instruments, subject only to the provisions of such bonds, notes or other obligations for registration.

(c) The bonds may be issued as serial bonds or as term bonds, or the Clean Energy Finance and Investment Authority, in its discretion, may issue bonds of both types. The bonds shall be authorized by resolution of the members of the board of directors of said authority and shall bear such date or dates, mature at such time or times, not exceeding twenty years from their respective dates, bear interest at such rate or rates, be payable at such time or times, be in such denominations, be in

such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States at such place or places, and be subject to such terms of redemption, as such resolution or resolutions may provide. The bonds or notes may be sold at public or private sale for such price or prices as said authority shall determine. The power to fix the date of sale of bonds, to receive bids or proposals, to award and sell bonds, and to take all other necessary action to sell and deliver bonds may be delegated to the chairperson or vice-chairperson of the board, a subcommittee of the board or other officers of said authority by resolution of the board. The exercise of such delegated powers may be made subject to the approval of a majority of the members of the board which approval may be given in the manner provided in the bylaws of said authority. Pending preparation of the definitive bonds, said authority may issue interim receipts or certificates which shall be exchanged for such definitive bonds.

(d) Any resolution or resolutions authorizing any bonds or any issue of bonds may contain provisions, which shall be a part of the contract with the holders of the bonds to be authorized, as to: (1) Pledges of the full faith and credit of the Clean Energy Finance and Investment Authority, the full faith and credit of any individual, partnership, corporation or association or other body, public or private, all or any part of the revenues of a project or any revenue-producing contract or contracts made by said authority with any individual, partnership, corporation or association or other body, public or private, any federally guaranteed security and moneys received therefrom purchased with bond proceeds or any other property, revenues, funds or legally available moneys to secure the payment of the bonds or of any particular issue of bonds, subject to such agreements with bondholders as may then exist; (2) the rentals, fees and other charges to be charged, and the amounts to be raised in each year thereby, and the use and disposition of the revenues; (3) the setting aside of reserves or sinking funds, and the regulation and disposition thereof; (4) limitations on the right of said authority or its

agent to restrict and regulate the use of the project funded by such bonds or issue of bonds; (5) the purpose and limitations to which the proceeds of sale of any issue of bonds then or thereafter to be issued may be applied, including as authorized purposes all costs and expenses necessary or incidental to the issuance of bonds, to the acquisition of or commitment to acquire any federally guaranteed security and to the issuance and obtaining of any federally insured mortgage note, and pledging such proceeds to secure the payment of the bonds or any issue of the bonds; (6) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured and the refunding of outstanding bonds; (7) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given; (8) limitations on the amount of moneys derived from such project to be expended for operating, administrative or other expenses of said authority; (9) definitions of the acts or omissions to act which shall constitute a default in the duties of said authority to holders of its obligations and the rights and remedies of such holders in the event of a default; and (10) the mortgaging of a project and the site thereof for the purpose of securing the bondholders.

(e) Neither the members of the board of directors of the Clean Energy Finance and Investment Authority nor any person executing the bonds, notes or other obligations shall be liable personally on the bonds, notes or other obligations or be subject to any personal liability or accountability by reason of the issuance thereof.

(f) The Clean Energy Finance and Investment Authority shall have the power to purchase its bonds, notes or other obligations out of any funds available for such purposes. Said authority may hold, pledge, cancel or resell such bonds, notes or other obligations, subject to and in accordance with agreements with bondholders. Said authority may sell, transfer or assign any of its loan assets to a trustee or other third party for the purposes of providing security for its bonds, notes or other obligations, or for bonds, notes or other obligations issued by the

trustee or other third party on its behalf.

(g) The Clean Energy Finance and Investment Authority is further authorized and empowered to issue bonds, notes or other obligations under this section, the interest on which may be includable in the gross income of the holder or holders thereof under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, to the same extent and in the same manner that interest on bills, notes, bonds or other obligations of the United States is includable in the gross income of the holder or holders thereof under said internal revenue code. Any such bonds, notes or other obligations may be issued only upon a finding by said authority that such issuance is necessary, is in the public interest, and is in furtherance of the purposes and powers of said authority. The state hereby consents to such inclusion only for the bonds, notes or other obligations of said authority so issued.

(h) At the discretion of the Clean Energy Finance and Investment Authority, any bonds issued under the provisions of this section may be secured by a trust agreement by and between said authority and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the state. Such trust agreement or the resolution providing for the issuance of such bonds or other instrument of said authority may secure such bonds by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to said authority for such purpose. Any pledge made by said authority pursuant to this subsection shall be valid and binding from the time when the pledge is made. The lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against said authority, irrespective of whether the parties have notice of the claims. Notwithstanding any provision of the Uniform Commercial Code, no instrument by which such pledge is created need be recorded or filed except in the records of said authority. Any revenues, contract or proceeds of any contract, or other property, revenues, moneys or funds

so pledged and thereafter received by said authority shall be subject immediately to the lien of the pledge without any physical delivery thereof or further act, and such lien shall have priority over all other liens. Such trust agreement or resolution may mortgage, assign or convey any real property to secure such bonds. Such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including such provisions as have been specifically authorized by this section to be included in any resolution of said authority authorizing bonds thereof. Any bank or trust company incorporated under the laws of this state, which may act as depositary of the proceeds of bonds or of revenues or other moneys, may furnish such indemnifying bonds or pledge such securities as may be required by said authority. Any such trust agreement or resolution may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual right of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as said authority may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the operation of a project.

(i) Bonds issued under the provisions of this section shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the Clean Energy Finance and Investment Authority, or a pledge of the full faith and credit of the state or any of its political subdivisions other than said authority, but shall be payable solely from the funds provided for such purposes by this section. All such bonds shall contain on the face thereof a statement to the effect that neither the state of Connecticut nor any political subdivision thereof, other than said authority, shall be obligated to pay the same or the interest thereon except from revenues of the project or the portion thereof for which such bonds are issued,

and that neither the full faith and credit nor the taxing power of the state of Connecticut or of any political subdivision thereof, other than said authority, is pledged to the payment of the principal of or the interest on such bonds. The issuance of bonds under the provisions of this section shall not directly, indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation or to make any appropriation for the payment of such bonds. Nothing contained in this section shall prevent or be construed to prevent said authority from pledging its full faith and credit or the full faith and credit of any individual, partnership, corporation or association or other body, public or private, to the payment of bonds or issue of bonds authorized pursuant to this section.

(j) The state of Connecticut does hereby pledge to and agree with the holders of any bonds, notes or other obligations issued under this section and with those parties who may enter into contracts with the Clean Energy Finance and Investment Authority or its successor agency pursuant to the provisions of this section that the state shall not limit or alter the rights hereby vested in said authority until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of said authority, provided nothing contained in this subsection shall preclude such limitation or alteration if and when adequate provision is made by law for the protection of the holders of such bonds, notes or other obligations of said authority or those entering into such contracts with said authority. Said authority is authorized to include this pledge and undertaking for the state in such bonds, notes or other obligations, or contracts.

(k) (1) The Clean Energy Finance and Investment Authority is authorized to fix, revise, charge and collect rates, rents, fees and charges for the use of and for the services furnished or to be furnished by each project, and to contract with any individual, partnership, corporation or association, or other body, public or private, in respect thereof. Such rates, rents, fees and charges shall be fixed and adjusted in respect of the aggregate of rates, rents, fees and charges from such

project so as to provide funds sufficient with other revenues or moneys available for such purposes, if any, (A) to pay the cost of maintaining, repairing and operating the project and each and every portion thereof, to the extent that the payment of such cost has not otherwise been adequately provided for, (B) to pay the principal of and the interest on outstanding bonds of said authority issued in respect of such project as the same shall become due and payable, and (C) to create and maintain reserves required or provided for in any resolution authorizing, or trust agreement securing, such bonds of said authority. Such rates, rents, fees and charges shall not be subject to supervision or regulation by any department, commission, board, body, bureau or agency of this state other than said authority.

(2) A sufficient amount of the revenues derived in respect of a project, except such part of such revenues as may be necessary to pay the cost of maintenance, repair and operation and to provide reserves and for renewals, replacements, extensions, enlargements and improvements as may be provided for in the resolution authorizing the issuance of any bonds of the Clean Energy Finance and Investment Authority or in the trust agreement securing the same, shall be set aside at such regular intervals as may be provided in such resolution or trust agreement in a sinking or other similar fund which is hereby pledged to, and charged with, the payment of the principal of and the interest on such bonds as the same shall become due, and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time when the pledge is made. The rates, rents, fees and charges and other revenues or other moneys so pledged and thereafter received by said authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against said authority, irrespective of whether such parties have notice of such claims. Notwithstanding any provision of the Connecticut Uniform Commercial Code, neither the resolution nor any trust agreement nor

any other agreement nor any lease by which a pledge is created need be filed or recorded except in the records of said authority. The use and disposition of moneys to the credit of such sinking or other similar fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds or of such trust agreement. Except as may otherwise be provided in such resolution or such trust agreement, such sinking or other similar fund may be a fund for all such bonds issued to finance projects for any individual, partnership, corporation or association, or other body, public or private, without distinction or priority of one over another; provided said authority in any such resolution or trust agreement may provide that such sinking or other similar fund shall be the fund for a particular project for any individual, partnership, corporation or association, or other body, public or private, and for the bonds issued to finance a particular project and may, additionally, permit and provide for the issuance of bonds having a subordinate lien in respect of the security authorized by this subsection to other bonds of said authority, and, in such case, said authority may create separate sinking or other similar funds in respect of such subordinate lien bonds.

(l) All moneys received pursuant to the provisions of this section, whether as proceeds from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided in this section. Any officer with whom, or any bank or trust company with which, such moneys are deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes of this section, subject to the resolution authorizing the bonds of any issue or the trust agreement securing such bonds.

(m) Any holder of bonds, bond anticipation notes, other notes or other obligations issued under the provisions of this section, or any of the coupons appertaining thereto, and the trustee or trustees under any trust agreement, except to the extent the rights given by this section may be restricted by any resolution authorizing the issuance of, or any such trust agreement securing, such bonds, may, either at law or in equity, by suit, action, mandamus or other proceedings, protect

and enforce any and all rights under the laws of the state or granted by this section or under such resolution or trust agreement, and may enforce and compel the performance of all duties required by this section or by such resolution or trust agreement to be performed by the Clean Energy Finance and Investment Authority or by any officer, employee or agent thereof, including the fixing, charging and collecting of the rates, rents, fees and charges authorized by this section and required by the provisions of such resolution or trust agreement to be fixed, established and collected.

(n) The Clean Energy Finance and Investment Authority shall have power to contract with the holders of any of its bonds or notes as to the custody, collection, securing, investment and payment of any reserve funds of said authority, or of any moneys held in trust or otherwise for the payment of bonds or notes, and to carry out such contracts. Any officer with whom, or any bank or trust company with which, such moneys shall be deposited as trustee thereof shall hold, invest, reinvest and apply such moneys for the purposes thereof, subject to such provisions as this section and the resolution authorizing the issue of the bonds or notes or the trust agreement securing such bonds or notes may provide.

(o) The exercise of the powers granted by this section shall be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare and prosperity, and for the improvement of their health and living conditions, and, as the exercise of such powers shall constitute the performance of an essential public function, neither the Clean Energy Finance and Investment Authority, any affiliate of said authority, nor any collection or other agent of said authority nor any such affiliate shall be required to pay any taxes or assessments upon or in respect of any revenues or property received, acquired, transferred or used by said authority, any affiliate of said authority or any collection or other agent of said authority or any such affiliate or upon or in respect of the income from such revenues or property. Any bonds, notes or other obligations issued under the provisions of this section, their transfer and the income therefrom, including any profit

made on the sale of such bonds, notes or other obligations, shall at all times be free from taxation of every kind by the state and by the municipalities and other political subdivisions in the state, except for estate and succession taxes. The interest on such bonds, notes or other obligations shall be included in the computation of any excise or franchise tax.

(p) (1) The Clean Energy Finance and Investment Authority is hereby authorized to provide for the issuance of bonds of said authority for the purpose of refunding any bonds of said authority then outstanding, including the payment of any redemption premium thereon and any interest accrued or to accrue to the earliest or subsequent date of redemption, purchase or maturity of such bonds, and, if deemed advisable by said authority, for the additional purpose of paying all or any part of the cost of constructing and acquiring additions, improvements, extensions or enlargements of a project or any portion thereof.

(2) The proceeds of any such bonds issued for the purpose of refunding outstanding bonds may, at the discretion of the Clean Energy Finance and Investment Authority, be applied to the purchase or retirement at maturity or redemption of such outstanding bonds either on their earliest or any subsequent redemption date or upon the purchase or at the maturity thereof and may, pending such application, be placed in escrow to be applied to such purchase or retirement at maturity or redemption on such date as may be determined by said authority.

(3) Any such escrowed proceeds, pending such use, may be invested and reinvested in direct obligations of, or obligations unconditionally guaranteed by, the United States and certificates of deposit or time deposits secured by direct obligations of, or obligations unconditionally guaranteed by, the United States, or obligations of a state, a territory, or a possession of the United States, or any political subdivision of any of the foregoing, within the meaning of Section 103(a) of the Internal Revenue Code of 1986, or any subsequent

corresponding internal revenue code of the United States, as amended from time to time, the full and timely payment of the principal of and interest on which are secured by an irrevocable deposit of direct obligations of the United States which, if the outstanding bonds are then rated by a nationally recognized rating agency, are rated in the highest rating category by such rating agency, maturing at such time or times as shall be appropriate to assure the prompt payment, as to principal, interest and redemption premium, if any, of the outstanding bonds to be so refunded. The interest, income and profits, if any, earned or realized on any such investment or reinvestment may also be applied to the payment of the outstanding bonds to be so refunded. After the terms of the escrow have been fully satisfied and carried out, any balance of such proceeds and interest, income and profits, if any, earned or realized on the investments or reinvestments thereof may be returned to the Clean Energy Finance and Investment Authority for use by it in any lawful manner.

(4) The portion of the proceeds of any such bonds issued for the additional purpose of paying all or any part of the cost of constructing and acquiring additions, improvements, extensions or enlargements of a project or any portion thereof may be invested and reinvested as the provisions of this section and the resolution authorizing the issuance of such bonds or the trust agreement securing such bonds may provide. The interest, income and profits, if any, earned or realized on such investment or reinvestment may be applied to the payment of all or any part of such cost or may be used by the Clean Energy Finance and Investment Authority in any lawful manner.

(5) All such bonds shall be subject to the provisions of this section in the same manner and to the same extent as other bonds issued pursuant to this section, section 47 or 48 of this act or section 16-245n of the general statutes, as amended by this act.

(q) Bonds issued by the Clean Energy Finance and Investment Authority under the provisions of this section are hereby made securities in which all public officers and public bodies of the state and

its political subdivisions, all insurance companies, state banks and trust companies, national banking associations, savings banks, savings and loan associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state is now or may hereafter be authorized by law.

(r) In conjunction with the issuance of the bonds, notes or other obligations, the Clean Energy Finance and Investment Authority may: (1) Make representations and agreements for the benefit of the holders of the bonds, notes or other obligations to make secondary market disclosures; (2) enter into interest rate swap agreements and other agreements for the purpose of moderating interest rate risk on the bonds, notes or other obligations; (3) enter into such other agreements and instruments to secure the bonds, notes or other obligations; and (4) take such other actions as necessary or appropriate for the issuance and distribution of the bonds, notes or other obligations and may make representations and agreements for the benefit of the holders of the bonds, notes or other obligations which are necessary or appropriate to ensure exclusion of the interest payable on the bonds, notes or other obligations from gross income under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time.

Sec. 47. (NEW) (*Effective July 1, 2012*) (a) The Clean Energy Finance and Investment Authority may issue clean energy bonds secured in whole or in part by the assets of, and assessment of charges and other receipts deposited into, the Clean Energy Fund established pursuant to section 16-245n of the general statutes, as amended by this act. The clean energy bonds shall be nonrecourse to the credit or any assets of the state or said authority.

(b) The state of Connecticut does hereby pledge to and agree with the owners and holders of the clean energy bonds that the state shall not limit or alter the assessment of charges pursuant to subsection (b) of section 16-245n of the general statutes, as amended by this act, and all rights thereunder, until the clean energy bonds, together with the interest thereon, are fully met and discharged, provided nothing contained in this subsection shall preclude such limitation or alteration if and when adequate provision is made by law for the protection of the owners and holders of such bonds. The Clean Energy Finance and Investment Authority is authorized to include this pledge and undertaking for the state in the clean energy bonds.

(c) The clean energy bonds shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the Clean Energy Finance and Investment Authority, or a pledge of the full faith and credit of the state or any of its political subdivisions, other than said authority, but shall be payable solely from the funds provided under section 16-245n of the general statutes, as amended by this act, and shall not constitute an indebtedness of the state within the meaning of any constitutional or statutory debt limitation or restriction and accordingly shall not be subject to any statutory limitation on the indebtedness of the state and shall not be included in computing the aggregate indebtedness of the state in respect to and to the extent of any such limitation. This subsection shall not preclude bond guarantees or enhancements as provided in subsection (d) of section 16-245n of the general statutes, as amended by this act. All clean energy bonds shall contain on the face thereof a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of Connecticut is pledged to the payment of the principal of, or interest on, this bond."

(d) The exercise of the powers granted by this section and section 16-245n of the general statutes, as amended by this act, shall be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare and prosperity, and as the exercise of such powers shall constitute the performance of an essential public function,

neither the Clean Energy Finance and Investment Authority, any affiliate of said authority, nor any collection or other agent of said authority or any such affiliate shall be required to pay any taxes or assessments upon or in respect of any revenues or property received, acquired, transferred or used by said authority, any affiliate of said authority or any collection or other agent of said authority or any such affiliate, or upon or in respect of the income from such revenues or property. Any bonds, notes or other obligations issued under the provisions of this section, their transfer and the income therefrom, including any profit made on the sale of such bonds, notes or other obligations, shall at all times be free from taxation of every kind by the state and by the municipalities and other political subdivisions in the state except for estate and succession taxes. The interest on such bonds, notes and other obligations shall be included in the computation of any excise or franchise tax.

(e) The proceeds of any clean energy bonds shall be used for the purposes of the Clean Energy Finance and Investment Authority in accordance with section 16-245n of the general statutes, as amended by this act.

Sec. 48. (NEW) (*Effective July 1, 2012*) (a) For purposes of this section, "required minimum capital reserve" means the maximum amount permitted to be deposited in a special capital reserve fund by the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, to permit the interest on such bonds to be excluded from gross income for federal tax purposes and secured by such special capital reserve fund.

(b) In connection with the issuance of bonds or to refund bonds previously issued by the Clean Energy Finance and Investment Authority, or in connection with the issuance of bonds to effect a refinancing or other restructuring with respect to one or more projects, said authority may create and establish one or more reserve funds to be known as special capital reserve funds, and may pay into such

special capital reserve funds (1) any moneys appropriated and made available by the state for the purposes of such special capital reserve funds, (2) any proceeds of the sale of notes or bonds, to the extent provided in the resolution of said authority authorizing the issuance thereof, and (3) any other moneys which may be made available to said authority for the purpose of such special capital reserve funds from any other source or sources.

(c) The moneys held in or credited to any special capital reserve fund established under this section, except as hereinafter provided, shall be used for (1) the payment of the principal of and interest, when due, whether at maturity or by mandatory sinking fund installments, on bonds of the Clean Energy Finance and Investment Authority secured by such special capital reserve fund as such payments become due, or (2) the purchase of such bonds of said authority and the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity, including in any such case by way of reimbursement of a provider of bond insurance or of a credit or liquidity facility that has paid such redemption premiums. Notwithstanding the provisions of subdivisions (1) and (2) of this subsection, said authority may provide that moneys in any such special capital reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such moneys to less than the maximum amount of principal and interest becoming due by reasons of maturity or a required sinking fund installment in the then current or any succeeding calendar year on the bonds of said authority then outstanding, or less than the required minimum capital reserve, except for the purpose of paying such principal of, redemption premium and interest on such bonds of said authority secured by such special capital reserve becoming due and for the payment of which other moneys of said authority are not available. Said authority may provide that it shall not issue bonds secured by a special capital reserve fund at any time if the required minimum capital reserve on the bonds outstanding and the bonds then to be issued and secured by the same special capital reserve fund at the time of issuance exceeds

the moneys in the special capital reserve fund, unless said authority, at the time of the issuance of such bonds, deposits in such special capital reserve fund from the proceeds of the bonds so to be issued, or from other sources, an amount which, together with the amount then in such special capital reserve fund, will be not less than the required minimum capital reserve.

(d) Prior to December first, annually, the Clean Energy Finance and Investment Authority shall deposit into any special capital reserve fund, the balance of which has fallen below the required minimum capital reserve of such fund, the full amount required to meet the minimum capital reserve of such fund, as available to said authority from any resources of said authority not otherwise pledged or dedicated to another purpose. On or before December first, annually, but after said authority has made such required deposit, there is deemed to be appropriated from the General Fund such sums, if any, as shall be certified by the chairperson or vice-chairperson of the Clean Energy Finance and Investment Authority to the Secretary of the Office of Policy and Management, the State Treasurer and the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding and energy, as necessary to restore each such special capital reserve fund to the amount equal to the required minimum capital reserve of such fund, and such amounts shall be allotted and paid to said authority. For the purpose of evaluation of any such special capital reserve fund, obligations acquired as an investment for any such special capital reserve fund shall be valued at market. Nothing contained in this section shall preclude said authority from establishing and creating other debt service reserve funds in connection with the issuance of bonds or notes of said authority which are not special capital reserve funds. Subject to any agreement or agreements with holders of outstanding notes and bonds of said authority, any amount or amounts allotted and paid to said authority pursuant to this subsection shall be repaid to the state from moneys of said authority at such time as such moneys are not required for any other of said authority's corporate purposes, and in

any event shall be repaid to the state on the date one year after all bonds and notes of said authority theretofore issued on the date or dates such amount or amounts are allotted and paid to said authority or thereafter issued, together with interest on such bonds and notes, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders thereof, are fully met and discharged.

(e) No bonds secured by a special capital reserve fund shall be issued to pay project costs unless the Clean Energy Finance and Investment Authority is of the opinion and determines that the revenues from the project shall be sufficient to (1) pay the principal of and interest on the bonds issued to finance the project, (2) establish, increase and maintain any reserves deemed by said authority to be advisable to secure the payment of the principal of and interest on such bonds, (3) pay the cost of maintaining the project in good repair and keeping it properly insured, and (4) pay such other costs of the project as may be required.

(f) Notwithstanding the provisions of this section, no bonds secured by a special capital reserve fund shall be issued by the Clean Energy Finance and Investment Authority until and unless such issuance has been approved by the Secretary of the Office of Policy and Management or his or her deputy. Any such approval by the secretary pursuant to this subsection shall be in addition to (1) the otherwise required opinion of sufficiency by said authority set forth in subsection (e) of this section, and (2) the approval of the State Treasurer or the Deputy State Treasurer and the documentation by said authority otherwise required under subsection (a) of section 1-124 of the general statutes, as amended by this act. Such approval may provide for the waiver or modification of such other requirements of this section as the secretary determines to be necessary or appropriate in order to effectuate such issuance, subject to all applicable tax covenants of said authority and the state.

(g) Notwithstanding any other provision contained in this section,

the aggregate amount of bonds secured by such special capital reserve fund authorized to be created and established by this section shall not exceed fifty million dollars.

Sec. 49. Subdivision (2) of subsection (a) of section 32-141 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(2) The total amount of private activity bonds which may be issued by state issuers in the calendar year commencing January 1, 2007, and each calendar year thereafter, under the state ceiling in effect for each such year, shall be allocated as follows: (A) Sixty per cent to the Connecticut Housing Finance Authority; (B) twelve and one-half per cent to the Connecticut Development Authority; and (C) twenty-seven and one-half per cent to municipalities and political subdivisions, departments, agencies, authorities and other bodies of municipalities, **[**and**]** the Connecticut Higher Education Supplemental Loan Authority and the Clean Energy Finance and Investment Authority, then to the Connecticut Student Loan Foundation and then for contingencies. At least ten per cent of bonds allocated under subparagraph (A) of this subdivision shall be used for multifamily residential housing in the calendar year commencing January 1, 2008. In each calendar year commencing January 1, 2009, fifteen per cent of such bonds shall be used for multifamily residential housing.

Sec. 50. Subsection (l) of section 1-79 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(l) "Quasi-public agency" means the Connecticut Development Authority, Connecticut Innovations, Incorporated, Connecticut Health and Education Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, Connecticut Resources Recovery Authority, Lower Fairfield County Convention Center Authority, Capital City Economic Development Authority,

Connecticut Lottery Corporation, Connecticut Airport Authority, Health Information Technology Exchange of Connecticut, **[**and**]** Connecticut Health Insurance Exchange and Clean Energy Finance and Investment Authority.

Sec. 51. Subdivision (1) of section 1-120 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(1) "Quasi-public agency" means the Connecticut Development Authority, Connecticut Innovations, Incorporated, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, Connecticut Resources Recovery Authority, Capital City Economic Development Authority, Connecticut Lottery Corporation, Connecticut Airport Authority, Health Information Technology Exchange of Connecticut, **[**and**]** Connecticut Health Insurance Exchange and Clean Energy Finance and Investment Authority.

Sec. 52. Section 1-124 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Connecticut Development Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Connecticut Resources Recovery Authority, the Health Information Technology Exchange of Connecticut, the Connecticut Airport Authority, the Capital City Economic Development Authority, **[**and**]** the Connecticut Health Insurance Exchange and the Clean Energy Finance and Investment Authority shall not borrow any money or issue any bonds or notes which are guaranteed by the state of Connecticut or for which there is a capital reserve fund of any kind which is in any way contributed to or guaranteed by the state of Connecticut until and unless such borrowing or issuance is approved

by the State Treasurer or the Deputy State Treasurer appointed pursuant to section 3-12. The approval of the State Treasurer or said deputy shall be based on documentation provided by the authority that it has sufficient revenues to (1) pay the principal of and interest on the bonds and notes issued, (2) establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds and notes, (3) pay the cost of maintaining, servicing and properly insuring the purpose for which the proceeds of the bonds and notes have been issued, if applicable, and (4) pay such other costs as may be required.

(b) To the extent the Connecticut Development Authority, Connecticut Innovations, Incorporated, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, the Health Information Technology Exchange of Connecticut, the Connecticut Airport Authority, the Capital City Economic Development Authority, **[**or**]** the Connecticut Health Insurance Exchange or the Clean Energy Finance and Investment Authority is permitted by statute and determines to exercise any power to moderate interest rate fluctuations or enter into any investment or program of investment or contract respecting interest rates, currency, cash flow or other similar agreement, including, but not limited to, interest rate or currency swap agreements, the effect of which is to subject a capital reserve fund which is in any way contributed to or guaranteed by the state of Connecticut, to potential liability, such determination shall not be effective until and unless the State Treasurer or his or her deputy appointed pursuant to section 3-12 has approved such agreement or agreements. The approval of the State Treasurer or his or her deputy shall be based on documentation provided by the authority that it has sufficient revenues to meet the financial obligations associated with the agreement or agreements.

Sec. 53. Section 1-125 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The directors, officers and employees of the Connecticut Development Authority, Connecticut Innovations, Incorporated, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, Connecticut Resources Recovery Authority, including ad hoc members of the Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, Capital City Economic Development Authority, the Health Information Technology Exchange of Connecticut, Connecticut Airport Authority, Connecticut Lottery Corporation, **[**and**]** Connecticut Health Insurance Exchange and the Clean Energy Finance and Investment Authority and any person executing the bonds or notes of the agency shall not be liable personally on such bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof, nor shall any director or employee of the agency, including ad hoc members of the Connecticut Resources Recovery Authority, be personally liable for damage or injury, not wanton, reckless, wilful or malicious, caused in the performance of his or her duties and within the scope of his or her employment or appointment as such director, officer or employee, including ad hoc members of the Connecticut Resources Recovery Authority. The agency shall protect, save harmless and indemnify its directors, officers or employees, including ad hoc members of the Connecticut Resources Recovery Authority, from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of alleged negligence or alleged deprivation of any person's civil rights or any other act or omission resulting in damage or injury, if the director, officer or employee, including ad hoc members of the Connecticut Resources Recovery Authority, is found to have been acting in the discharge of his or her duties or within the scope of his or her employment and such act or omission is found not to have been wanton, reckless, wilful or malicious.

Sec. 54. (*Effective from passage*) The Public Utilities Regulatory Authority shall initiate a docket to identify measures to promote water

conservation in the state. On or before January 1, 2013, the authority shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy, of the findings of such docket, including any recommended legislative changes necessary to implement such measures.

Sec. 55. Subsection (i) of section 16-262w of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(i) The amount of the WICA applied between general rate case filings shall not exceed **[**seven and one-half**]** ten per cent of the water company's annual retail water revenues approved in its most recent rate filing, and shall not exceed five per cent of such revenues for any twelve-month period. The amount of the adjustment shall be reset to zero as of the effective date of new base rates approved pursuant to section 16-19 and shall be reset to zero if the company exceeds the allowable rate of return by more than one hundred basis points for any calendar year.

Sec. 56. Section 16-32f of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

[(a)**]** On or before October first of each even-numbered year, a gas company, as defined in section 16-1, shall furnish a report to the Public Utilities Regulatory Authority containing a five-year forecast of loads and resources. The report shall describe the facilities and supply sources that, in the judgment of such gas company, will be required to meet gas demands during the forecast period. The report shall be made available to the public and shall be furnished to the chief executive officer of each municipality in the service area of such gas company, the regional planning agency which encompasses each such municipality, the Attorney General, the president pro tempore of the Senate, the speaker of the House of Representatives, the joint standing

committee of the General Assembly having cognizance of matters relating to public utilities, any other member of the General Assembly making a request to the authority for the report and such other state and municipal entities as the authority may designate by regulation. The report shall include: (1) A tabulation of estimated peak loads and resources for each year; (2) data on gas use and peak loads for the five preceding calendar years; (3) a list of present and projected gas supply sources; (4) specific measures to control load growth and promote conservation; and (5) such other information as the authority may require by regulation. A full description of the methodology used to arrive at the forecast of loads and resources shall also be furnished to the authority. The authority shall hold a public hearing on such reports upon the request of any person. On or before August first of each odd-numbered year, the authority may request a gas company to furnish to the authority an updated report. A gas company shall furnish any such updated report not later than sixty days following the request of the authority.

[(b) Not later than October 1, 2005, and annually thereafter, a gas company, as defined in section 16-1, shall submit to the Public Utilities Regulatory Authority a gas conservation plan, in accordance with the provisions of this section, to implement cost-effective energy conservation programs and market transformation initiatives. All supply and conservation and load management options shall be evaluated and selected within an integrated supply and demand planning framework. Services provided under the plan shall be available to all gas company customers. Each gas company shall apply to the Energy Conservation Management Board for reimbursement for expenditures pursuant to the plan. The authority shall, in an uncontested proceeding during which the authority may hold a public hearing, approve, modify or reject the plan.

(c) (1) The Energy Conservation Management Board shall advise and assist each such gas company in the development and implementation of the plan submitted under subsection (b) of this section. Each program contained in the plan shall be reviewed by each

such gas company and shall be either accepted, modified or rejected by the Energy Conservation Management Board before submission of the plan to the authority for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or to otherwise coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs.

(2) Programs included in the plan shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits to program costs to ensure that the programs are designed to obtain gas savings whose value is greater than the costs of the program. Program cost-effectiveness shall be reviewed annually by the authority, or otherwise as is practicable. If the authority determines that a program fails the cost-effectiveness test as part of the review process, the program shall either be modified to meet the test or be terminated. On or before January 1, 2007, and annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment, that documents expenditures and funding for such programs and evaluates the cost-effectiveness of such programs conducted in the preceding year, including any increased cost-effectiveness owing to offering programs that save more than one fuel resource.

(3) Programs included in the plan may include, but are not limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes that are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, engineering studies and services related to new construction or major building renovations; (E) the design,

manufacture, commercialization and purchase of energy-efficient appliances, air conditioning and heating devices; (F) program planning and evaluation; (G) joint fuel conservation initiatives and programs targeted at saving more than one fuel resource; and (H) public education regarding conservation. Such support may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. The plan shall also provide for expenditures by the Energy Conservation Management Board for the retention of expert consultants and reasonable administrative costs, provided such consultants shall not be employed by, or have any contractual relationship with, a gas company. Such costs shall not exceed five per cent of the total cost of the plan.**]**

Sec. 57. Section 16a-3e of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The **[**integrated resources plan**]** Integrated Resources Plan, developed pursuant to section 16a-3a, to be adopted in 2012 and annually thereafter, shall (1) indicate specific options to reduce the price of electricity. Such options may include the procurement of new sources of generation. In the review of new sources of generation, the **[**integrated resources plan**]** Integrated Resources Plan shall indicate whether the private wholesale market can supply such additional sources or whether state financial assistance, long-term purchasing of electricity contracts or other interventions are needed to achieve the goal; (2) analyze in-state renewable sources of electricity in comparison to transmission line upgrades or new projects and out-of-state renewable energy sources, provided such analysis also considers the benefits of additional jobs and other economic impacts and how they are created and subsidized; (3) include an examination of average consumption and other states' best practices to determine why electricity rates are lower elsewhere in the region; (4) assess and compare the cost of transmission line projects, new power sources, renewable sources of electricity, conservation and distributed generation projects to ensure the state pursues only the least-cost

alternative projects; (5) continually monitor supply and distribution systems to identify potential need for transmission line projects early enough to identify alternatives; and (6) assess the least-cost alternative to address reliability concerns, including, but not limited to, lowering electricity demand through conservation and distributed generation projects before an electric distribution company submits a proposal for transmission lines or transmission line upgrades to the independent system operator or the Federal Energy Regulatory Commission, provided no provision of such plan shall be deemed to prohibit an electric distribution company from making any filing required by law or regulation.

(b) If, on and after July 1, 2012, the 2012 **[**integrated resources plan**]** Integrated Resources Plan or any subsequent plan contains an option to procure new sources of generation, the Department of Energy and Environmental Protection shall pursue the most cost-effective approach. If the department seeks new sources of generation, it shall issue a notice of interest for generation without any financial assistance, including, but not limited to, long-term contract financing or ratepayer guarantees. If the department fails to receive any responsive cost-effective proposal, it shall issue a request for proposals that may include such financial assistance.

(c) On or before February 1, 2012, the department shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding state policy and legislative changes the department feels would most likely lower the state's electricity rates.

Sec. 58. Section 22a-5 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The commissioner shall carry out the energy and environmental policies of the state and shall have all powers necessary and convenient to faithfully discharge this duty. In addition to and

consistent with the environment policy of the state, the commissioner shall (1) promote and coordinate management of water, land and air resources to assure their protection, enhancement and proper allocation and utilization; (2) provide for the protection and management of plants, trees, fish, shellfish, wildlife and other animal life of all types, including the preservation of endangered species; (3) provide for the protection, enhancement and management of the public forests, parks, open spaces and natural area preserves; (4) provide for the protection, enhancement and management of inland, marine and coastal water resources, including, but not limited to, wetlands, rivers, estuaries and shorelines; (5) provide for the prevention and abatement of all water, land and air pollution including, but not limited to, that related to particulates, gases, dust, vapors, noise, radiation, odors, nutrients and cooled or heated liquids, gases and solids; (6) provide for control of pests and regulate the use, storage and disposal of pesticides and other chemicals which may be harmful to man, sea life, animals, plant life or natural resources; (7) regulate the disposal of solid waste and liquid waste, including but not limited to, domestic and industrial refuse, junk motor vehicles, litter and debris, which methods shall be consistent with sound health, scenic environmental quality and land use practices; (8) regulate the storage, handling and transportation of solids, liquids and gases which may cause or contribute to pollution; (9) provide for minimum state-wide standards for the mining, extraction, excavation or removal of earth materials of all types; (10) develop a **[**comprehensive energy plan**]** Comprehensive Energy Strategy for the state; (11) transition the state to cleaner, more diverse and sustainable sources of energy; and (12) create opportunities for innovation and technological advances in conserving energy and reducing costs.

Sec. 59. Subsection (e) of section 16-244t of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(e) An electric distribution company shall be entitled to recover its reasonable costs and fees prudently incurred through compliance with

its approved procurement plan through a reconciling, nonbypassable component of electric rates as determined by the authority. Nothing in this section shall preclude the resale or other disposition of energy or associated renewable energy credits purchased by the electric distribution company, provided the distribution company shall net the cost of payments made to projects under the contracts against the proceeds of the sale of energy or renewable energy credits and the difference shall be credited or charged to distribution customers through a reconciling component of electric rates as determined by the authority that is nonbypassable when switching electric suppliers.

Sec. 60. (*Effective from passage*) The Department of Energy and Environmental Protection shall conduct a study concerning policies for natural gas line extension and natural gas retail choice. The department shall also study methods to develop programs to increase the efficiency of heating oil equipment. Such study shall include, but not be limited to, an analysis of the cost-effectiveness of such expansion and programs and the issues concerning natural gas retail choice. On or before January 1, 2013, the department shall report, in accordance with the provisions of section 11-4a of the general statutes, the findings of such study to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 61. (*Effective from passage*) The Department of Energy and Environmental Protection shall conduct a study, in consultation with the Department of Consumer Protection, to identify barriers to participation by heating oil dealers in providing other energy services, including, but not limited to, the installation of nonpetroleum-based energy equipment. On or before January 1, 2013, the department shall report, in accordance with the provisions of section 11-4a of the general statutes, the findings of such study and identify such barriers to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 62. (*Effective from passage*) The Department of Energy and Environmental Protection shall conduct a study to review the existing

renewable portfolio standards, established in section 16-245a of the general statutes, and identify methods to maximize participation of in-state resources in meeting such standards, including, but not limited to, permitting the use of combined heat and power systems, zero emission vehicles and energy conservation programs and providing incentives for Class I resources located in the state. Such study shall compare the benefits, including, but not limited to, economic development, environmental and energy benefits, and the costs of each such method of participation. On or before January 1, 2013, the department shall report, in accordance with the provisions of section 11-4a of the general statutes, the findings of such study to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 63. (NEW) (*Effective from passage*) On or before January 1, 2013, the Public Utilities Regulatory Authority shall conduct a proceeding to establish rates that would promote the use of geothermal systems.

Sec. 64. Subparagraph (A) of subdivision (1) of subsection (a) of section 16-50p of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(A) Not later than twelve months after the deadline for filing an application following the request for proposal process for a facility described in subdivision (1) or (2) of subsection (a) of section 16-50i or subdivision (4) of **[**said**]** subsection (a) of section 16-50i if the application was incorporated in an application concerning a facility described in subdivision (1) of **[**said**]** subsection (a) of section 16-50i, provided if the Connecticut Energy Advisory Board votes not to issue a request for proposal, the council's decision shall be rendered not later than twelve months from the date of such vote and the council may extend such period by up to one hundred eighty days with the consent of the applicant;

Sec. 65. Section 16-243v of the general statutes is amended by adding subsection (k) as follows (*Effective from passage*):

(NEW) (k) (1) As used in this subsection:

(A) "Eligible residential customer" means any residential customer of an electric distribution company, as defined in section 16-1, with an ownership interest in such customer's dwelling; and

(B) "Program loan" means any loan approved by an electric distribution company pursuant to this subsection that is funded by the systems benefits charge as a program under the Connecticut electric efficiency partner program established pursuant to this section.

(2) On or before July 1, 2012, each electric distribution company shall establish and administer a residential customer heating furnace and boiler and electric heating system equipment replacement and augmentation program to assist eligible residential customers in financing the replacement or augmentation of any heating furnace or boiler or electric heating system equipment for any such customer's dwelling or dwelling unit. On or before July 1, 2012, each such company shall apply to the authority for initial funding of such program. Each such company shall establish program requirements necessary for approval of any loan issued pursuant to such program, including requirements that:

(A) The total projected direct cost savings to any eligible residential customer resulting from the replacement or augmentation of any heating furnace, boiler or electric heating system equipment, or any associated component of such electric heating system, including ductless heat pumps, which shall be calculated on an annual basis commencing from the month that such replacement or augmented furnace, boiler or electric heating system equipment is projected to be in service, shall be greater than the total cost of the financing over the term of the program loan;

(B) The program loan shall not exceed ninety per cent of the total installed cost of the replacement or augmented heating furnace, boiler or electric heating system equipment;

(C) The term of any program loan is the lesser of (i) the simple payback of the program loan plus two years, or (ii) twelve years, provided for any eligible residential customer converting from electric heating system equipment to a heating furnace or boiler the term of any program loan may be not more than twenty years if such conversion, as determined by such company, is more suitable than the installation of ductless heat pumps;

(D) The efficiency rating of any replacement furnace, boiler or electric heating system equipment financed pursuant to this subsection shall meet or exceed federal Energy Star standards and each such company shall inform each applicant of any incentive available to defray the cost of equipment that exceeds such standards;

(E) Any program loan to an eligible residential customer converting from electric heating equipment to a heating furnace or boiler may include the cost of any infrastructure upgrades necessary for use of such furnace or boiler, provided the total amount of such program loan does not exceed twenty-five thousand dollars;

(F) Each applicant shall have a Home Energy Solutions or Home Energy Solutions Income Eligible audit performed at such applicant's home not more than twenty-four months prior to the approval of any program loan, except such audit may be performed after the approval of such loan if such applicant's heating system is not operational. Any program loan may include the cost of the purchase and installation of insulation recommended in such audit but shall not cover the cost of any benefit or service available to such applicant for no charge through the Home Energy Solutions or Home Energy Solutions Income Eligible programs; and

(G) The total amount of new program loans and administrative costs of the program shall not exceed thirty million dollars in any calendar year.

(3) Any eligible residential customer may apply to the customer's electric distribution company to participate in such program. Such

company shall only approve applications that meet the approved program requirements established pursuant to subdivision (2) of this subsection. Such company shall develop requirements for the credit worthiness and eligibility of applicants to such program and shall submit such requirements to the Commissioner of Energy and Environmental Protection for approval prior to initiating any such program. Such company shall seek to maximize, to the extent practicable, participation in the program.

(4) Each eligible residential customer participating in such program shall enter into a contract to repay the program loan through a monthly charge on such customer's electric bill. Such program loan repayment shall include the principal payment and the loan carrying cost fee. Such carrying cost fee shall be one per cent of the total loan amount. Any program loan repayment shall be credited to the systems benefits charge. Any reasonable and prudent cost incurred by an electric distribution company administering such program shall be recovered through the systems benefits charge. The cost of covering any program loan that is not fully repaid by any such customer shall be considered a cost incurred by such company in administering such program.

(5) Each eligible residential retail end use customer participating in such program who defaults on any program loan shall be subject to termination of electric service by the electric distribution company administering the program, provided such termination of service does not violate any provision of section 16-262c, except such termination shall not apply to (1) any customer with a household member who is at least sixty years old and whose income and assets do not exceed the limits for eligibility in any energy assistance program administered pursuant to section 16-41a, or (2) any customer that rents such customer's dwelling.

(6) Any program loan shall be included in the program loan recipient's residential electric service account for the premises on which any replacement furnace, boiler or electric heating system

component is located and shall be transferable to subsequent electric service account holders, provided any such subsequent electric service account holder, prior to contracting to acquire the premises, has written notice of such loan, in language such subsequent account holder understands, that meets the plain language standards of section 42-152, and includes the following information: (A) That such subsequent account holder is liable for the loan during such subsequent account holder's occupancy of the premises, (B) the amount of monthly loan payments, (C) that the loan shall be collected through a monthly electric bill specifying the month the loan is to be repaid, (D) that the loan payment is in addition to any charges for electric service, and (E) that failure to make any monthly loan payment may result in termination of electric service, except if (i) such subsequent account holder has a household member who is at least sixty years old and a household income and assets that do not exceed the limits for eligibility for any energy assistance program administered pursuant to section 16a-41a, or (ii) such subsequent account holder is renting the premises. Each electric distribution company shall be entitled to take such action as required to secure the amount of a program loan, including, but not limited to, attaching liens and requiring filings to be made on applicable land records or as otherwise necessary or required.

(7) For the purpose of any energy assistance program administered pursuant to section 16a-41a, a loan recipient's monthly loan obligations under the program administered pursuant to this subsection shall be considered (A) primary heat deliverable fuel costs if such recipient's household's primary heat source is a deliverable fuel, or (B) the cost of primary heat utility service if such recipient's household's primary heat source is provided by an electric distribution or gas company, and shall be eligible for benefit coverage. If such loan recipient's primary heating source is provided by a gas company or a deliverable fuel source, such loan recipient shall determine the portion of any energy assistance basic benefit to be applied to such loan recipient's electric bill for loan repayment and the portion to be applied to such loan

recipient's primary heating source provider. If a loan recipient's primary heating source is provided by a gas company, the energy assistance program administrator shall notify such company of the amount of energy assistance basic benefit applied to such loan recipient's electric distribution company for loan repayment and such electric distribution company shall notify such gas company of any payment made by or on behalf of such gas customer that is applied to the loan repayment.

(8) For the purpose of any electric distribution company or gas company payment program deduction for any program administered pursuant to subdivision (4), (5) or (6) of subsection (b) of section 16-262c, any monthly loan payment made under the loan program established pursuant to this subsection shall be considered an energy assistance payment made to the company providing the primary heating source to such loan recipient.

Sec. 66. Sections 16-2c, 16-244n, 16a-40*l* and 16a-41i of the 2012 supplement to the general statutes are repealed. (*Effective July 1, 2012*)"

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2012*	16-2(f)
Sec. 2	*from passage*	16-19ff
Sec. 3	*from passage*	16-6b
Sec. 4	*July 1, 2012*	16-7
Sec. 5	*July 1, 2012*	16-245m(c)
Sec. 6	*from passage*	16-245m(d)
Sec. 7	*July 1, 2012*	16-244c(i)
Sec. 8	*July 1, 2012*	16-244c(l)
Sec. 9	*July 1, 2012*	16-245d(a)
Sec. 10	*July 1, 2012*	16-41(a)
Sec. 11	*July 1, 2012*	16-244c(c)(3)
Sec. 12	*from passage*	New section
Sec. 13	*from passage*	16-244u
Sec. 14	*from passage*	16-5
Sec. 15	*from passage*	New section

Sec. 16	*from passage*	16-49(a)
Sec. 17	*from passage*	16-8
Sec. 18	*from passage*	16-245y(a)
Sec. 19	*from passage*	16-245y(c)
Sec. 20	*July 1, 2012*	16-244m(b)
Sec. 21	*from passage*	16-2(c)
Sec. 22	*July 1, 2012*	16-2(g)
Sec. 23	*from passage*	16-244m(a)
Sec. 24	*from passage*	16-244m(d)
Sec. 25	*from passage*	16a-3d
Sec. 26	*from passage*	16a-3a
Sec. 27	*July 1, 2012*	New section
Sec. 28	*from passage*	16-244c(j)(2)
Sec. 29	*from passage*	16-245n
Sec. 30	*from passage*	PA 11-80, Sec. 103
Sec. 31	*from passage*	16-244r(b)
Sec. 32	*from passage*	16-244s
Sec. 33	*from passage*	16-244t(b)
Sec. 34	*from passage*	16a-37u
Sec. 35	*from passage*	16-244v(a)
Sec. 36	*from passage*	16a-46h
Sec. 37	*from passage*	16a-46i
Sec. 38	*from passage*	12-217mm
Sec. 39	*from passage*	New section
Sec. 40	*from passage*	New section
Sec. 41	*from passage*	7-121n(a)(2)
Sec. 42	*July 1, 2012*	16-19b(h)
Sec. 43	*July 1, 2012*	16-18a
Sec. 44	*July 1, 2012*	16-8a(c)(1)
Sec. 45	*July 1, 2012*	16-19kk(b)
Sec. 46	*July 1, 2012*	New section
Sec. 47	*July 1, 2012*	New section
Sec. 48	*July 1, 2012*	New section
Sec. 49	*July 1, 2012*	32-141(a)(2)
Sec. 50	*from passage*	1-79(l)
Sec. 51	*from passage*	1-120(1)
Sec. 52	*from passage*	1-124
Sec. 53	*from passage*	1-125
Sec. 54	*from passage*	New section
Sec. 55	*from passage*	16-262w(i)

Sec. 56	*from passage*	16-32f
Sec. 57	*from passage*	16a-3e
Sec. 58	*from passage*	22a-5
Sec. 59	*from passage*	16-244t(e)
Sec. 60	*from passage*	New section
Sec. 61	*from passage*	New section
Sec. 62	*from passage*	New section
Sec. 63	*from passage*	New section
Sec. 64	*July 1, 2012*	16-50p(a)(1)(A)
Sec. 65	*from passage*	16-243v
Sec. 66	*July 1, 2012*	Repealer section